

House Study Bill 794

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON OLDSON)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act concerning public retirement systems and other employee
2 benefit-related matters, including the public safety peace
3 officers' retirement, accident, and disability system, the
4 Iowa public employees' retirement system, the statewide fire
5 and police retirement system, and the judicial retirement
6 system, including implementation and transition provisions,
7 and providing effective and retroactive applicability dates.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 TLSB 6675HC 82
10 ec/sc/5

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1 1 DIVISION I
1 2 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,
1 3 ACCIDENT, AND DISABILITY SYSTEM
1 4 Section 1. Section 97A.1, subsection 14, Code 2007, is
1 5 amended by striking the subsection.
1 6 Sec. 2. Section 97A.1, subsection 15, Code 2007, is
1 7 amended to read as follows:
1 8 15. "Pensions" shall mean annual payments for life derived
1 9 from the appropriations provided by the state of Iowa and from
1 10 contributions of the members which are deposited in the
1 11 ~~pension accumulation retirement~~ fund. All pensions shall be
1 12 paid in equal monthly installments.
1 13 Sec. 3. Section 97A.5, subsections 3 and 4, Code 2007, are
1 14 amended to read as follows:
1 15 3. COMPENSATION. The trustees shall serve as such without
1 16 compensation, but they shall be reimbursed from the ~~expense~~
1 17 ~~retirement~~ fund for all necessary expenses which they may
1 18 incur through service on the board.
1 19 4. RULES. The board of trustees shall, from time to time,
1 20 establish such rules not inconsistent with this chapter, for
1 21 the administration of ~~funds~~ the system and the retirement fund
1 22 created by this chapter and as may be necessary or appropriate
1 23 for the transaction of its business.
1 24 Sec. 4. Section 97A.5, subsection 6, paragraph a, Code
1 25 2007, is amended to read as follows:
1 26 a. The department of public safety shall keep in
1 27 convenient form the data necessary for the actuarial valuation
1 28 of the ~~various funds of the~~ system and for checking the
1 29 expense of the system. The commissioner of public safety
1 30 shall keep a record of all the acts and proceedings of the
1 31 board, which records shall be open to public inspection. The
1 32 board of trustees shall biennially make a report to the
1 33 general assembly showing the fiscal transactions of the system
1 34 for the preceding biennium, the amount of the accumulated cash
1 35 and securities of the system, and the last balance sheet
2 1 showing the financial condition of the system by means of an
2 2 actuarial valuation of the assets and liabilities of the
2 3 system.
2 4 Sec. 5. Section 97A.5, subsections 8, 9, 11, and 12, Code
2 5 2007, are amended to read as follows:
2 6 8. MEDICAL BOARD. The board of trustees shall designate a
2 7 ~~single medical provider network as the medical board to be~~
2 8 ~~composed of three physicians who for the system. The medical~~
2 9 ~~board~~ shall arrange for and pass upon ~~the all~~ medical
2 10 examinations required under the provisions of this chapter and
2 11 shall report in writing to the board of trustees, its
2 12 conclusions and recommendations upon all matters duly referred
2 13 to it. For examinations required because of disability, a

2 14 physician from the medical board specializing in occupational
2 15 medicine, and a second physician specializing in an
2 16 appropriate field of medicine as determined by the
2 17 occupational medicine physician, shall pass upon the medical
2 18 examinations required for disability retirements and shall
2 19 report to the system in writing their conclusions and
2 20 recommendations upon all matters referred to the medical
2 21 board. Each report of a medical examination under section

2 22 97A.6, subsections 3 and 5, shall include the medical board's
2 23 findings in accordance with section 97A.6 as to the extent of
2 24 the member's physical impairment.

2 25 9. DUTIES OF ACTUARY. The actuary hired by the board of
2 26 trustees shall be the technical advisor of the board of
2 27 trustees on matters regarding the operation of the ~~fund~~
2 28 ~~retirement fund~~ created by the provisions of this chapter and
2 29 shall perform such other duties as are required in connection
2 30 therewith.

2 31 11. ACTUARIAL INVESTIGATION. At least once in each
2 32 two-year period, the actuary hired by the board of trustees
2 33 shall make an actuarial investigation in the mortality,
2 34 service, and compensation experience of the members and
2 35 beneficiaries of the system, and the interest and other
3 1 earnings on the moneys and other assets of the system, and
3 2 shall make a valuation of the assets and liabilities of the
3 3 ~~fund~~ ~~retirement fund~~ of the system, and taking into account
3 4 the results of the investigation and valuation, the board of
3 5 trustees shall+

3 6 a. ~~Adopt~~ adopt for the system, upon recommendation of the
3 7 system's actuary, such actuarial methods and assumptions,
3 8 interest rate, and mortality and other tables as shall be
3 9 deemed necessary+

3 10 b. ~~Certify the rates of contribution payable by the state~~
3 11 ~~of Iowa in accordance with section 97A.8 to conduct the~~
3 12 actuarial valuation of the system.

3 13 12. ANNUAL ACTUARIAL VALUATION.

3 14 a. On the basis of the actuarial methods and assumptions,
3 15 rate of interest, and tables adopted by the board of trustees,
3 16 the actuary hired by the board of trustees shall make an
3 17 annual actuarial valuation of the assets and liabilities of
3 18 the ~~fund~~ ~~of the system~~ ~~retirement fund~~ created by this
3 19 chapter. As a result of the annual actuarial valuation, the
3 20 board of trustees shall certify the rates of contribution
3 21 payable by the state of Iowa in accordance with section 97A.8.

3 22 b. Effective with the fiscal year beginning July 1, 2008,
3 23 the annual actuarial valuation required to be conducted shall
3 24 include information as required by section 97D.5.

3 25 Sec. 6. Section 97A.5, subsection 13, paragraphs b, c, and
3 26 d, Code 2007, are amended to read as follows:

3 27 b. The ~~fund~~ ~~retirement fund~~ established in section 97A.8
3 28 shall be held in trust for the benefit of the members of the
3 29 system and the members' beneficiaries. No part of the corpus
3 30 or income of the ~~fund~~ ~~retirement fund~~ shall be used for, or
3 31 diverted to, purposes other than for the exclusive benefit of
3 32 the members or the members' beneficiaries or for expenses
3 33 incurred in the operation of the ~~fund~~ ~~retirement fund~~. A
3 34 person shall not have any interest in, or right to, any part
3 35 of the corpus or income of the ~~fund~~ ~~retirement fund~~ except as
4 1 otherwise expressly provided.

4 2 c. Notwithstanding any provision of this chapter to the
4 3 contrary, in the event of a complete discontinuance of
4 4 contributions, for reasons other than achieving fully funded
4 5 status upon an actuarially determined basis, or upon
4 6 termination of the ~~fund~~ ~~retirement fund~~ established in
4 7 section 97A.8, a member shall be vested, to the extent then
4 8 funded, in the benefits which the member has accrued at the
4 9 date of the discontinuance or termination.

4 10 d. Benefits payable from the ~~fund~~ ~~retirement fund~~
4 11 established in section 97A.8 to members and members'
4 12 beneficiaries shall not be increased due to forfeitures from
4 13 other members. Forfeitures shall be used as soon as possible
4 14 to reduce future contributions by the state to the ~~pension~~
4 15 ~~accumulation~~ ~~retirement fund~~, except that the rate shall not
4 16 be less than the minimum rate established in section 97A.8.

4 17 Sec. 7. Section 97A.5, subsection 14, Code 2007, is
4 18 amended to read as follows:

4 19 14. INVESTMENT CONTRACTS. The board of trustees may
4 20 execute contracts and agreements with investment advisors,
4 21 consultants, and investment management and benefit consultant
4 22 firms in the administration of the ~~fund~~ ~~retirement fund~~
4 23 established in section 97A.8.

4 24 Sec. 8. Section 97A.6, subsection 7, Code 2007, is amended

4 25 by adding the following new paragraph:

4 26 NEW PARAGRAPH. d. Should a disability beneficiary under
4 27 age fifty-five be employed in a public safety occupation, the
4 28 disability beneficiary's retirement allowance shall cease.
4 29 Notwithstanding any provision of this chapter to the contrary,
4 30 if a disability beneficiary is employed in a public safety
4 31 occupation that would otherwise constitute membership service,
4 32 the disability beneficiary shall not become a member of the
4 33 system. For purposes of this paragraph, "public safety
4 34 occupation" means a peace officer, as defined in section
4 35 97A.1; a protection occupation, as defined in section 97B.49B;
5 1 a sheriff or deputy sheriff as defined in section 97B.49C; and
5 2 a police officer or fire fighter as defined in section 411.1,
5 3 who was not restored to active service as provided by this
5 4 subsection.

5 5 Sec. 9. Section 97A.6, subsection 11, Code 2007, is
5 6 amended to read as follows:

5 7 11. PENSIONS OFFSET BY COMPENSATION BENEFITS. Any amounts
5 8 which may be paid or payable by the state under the provisions
5 9 of any workers' compensation or similar law to a member or to
5 10 the dependents of a member on account of any disability or
5 11 death, shall be offset against and payable in lieu of any
5 12 benefits payable out of ~~funds the retirement fund~~ provided by
5 13 the state under the provisions of this chapter on account of
5 14 the same disability or death. In case the present value of
5 15 the total commuted benefits under said workers' compensation
5 16 or similar law is less than the ~~pension reserve on present~~
5 17 ~~value of the benefits otherwise payable from funds the~~
5 18 ~~retirement fund~~ provided by the state under this chapter, then
5 19 the present value of the commuted payments shall be deducted
5 20 from the ~~pension reserve payable~~ and such benefits as may be
5 21 provided by the ~~pension reserve system~~ so reduced shall be
5 22 payable under the provisions of this chapter.

5 23 Sec. 10. Section 97A.7, subsections 1, 2, and 3, Code
5 24 Supplement 2007, are amended to read as follows:

5 25 1. The board of trustees shall be the trustees of the
5 26 ~~several funds retirement fund~~ created by this chapter as
5 27 provided in section 97A.8 and shall have full power to invest
5 28 and reinvest ~~such~~ funds subject to the terms, conditions,
5 29 limitations, and restrictions imposed by subsection 2 of this
5 30 section and chapter 12F, and subject to like terms,
5 31 conditions, limitations, and restrictions said trustees shall
5 32 have full power to hold, purchase, sell, assign, transfer, or
5 33 dispose of any of the securities and investments ~~in which any~~
5 34 ~~of the funds created herein shall retirement fund which have~~
5 35 been invested, as well as of the proceeds of said investments
6 1 and any moneys belonging to ~~said funds the retirement fund~~.
6 2 The board of trustees may authorize the treasurer of state to
6 3 exercise any of the duties of this section. When so
6 4 authorized the treasurer of state shall report any
6 5 transactions to the board of trustees at its next monthly
6 6 meeting.

6 7 2. The ~~several funds retirement fund~~ created by this
6 8 chapter may be invested in any investments authorized for the
6 9 Iowa public employees' retirement system in section 97B.7A.

6 10 3. The treasurer of the state shall be the custodian of
6 11 the ~~several funds retirement fund~~. All payments from ~~said~~
6 12 ~~funds the retirement fund~~ shall be made by the treasurer only
6 13 upon vouchers signed by two persons designated by the board of
6 14 trustees. A duly attested copy of the resolution of the board
6 15 of trustees designating such persons and bearing on its face
6 16 specimen signatures of such persons shall be filed with the
6 17 treasurer of state as the treasurer's authority for making
6 18 payments on such vouchers. No voucher shall be drawn unless
6 19 it shall previously have been allowed by resolution of the
6 20 board of trustees.

6 21 Sec. 11. Section 97A.8, Code 2007, is amended to read as
6 22 follows:

6 23 97A.8 METHOD OF FINANCING.

6 24 There is hereby created as a special fund, separate and
6 25 apart from all other public moneys or funds of this state, the
6 26 peace officers' retirement, accident, and disability system
6 27 retirement fund, hereafter called the "retirement fund". All
6 28 the assets of the system created and established by this
6 29 chapter shall be credited according to the purpose for which
6 30 they are held to one of three funds, namely, the pension
6 31 accumulation fund, the pension reserve fund, and the expense
6 32 to the retirement fund.

6 33 1. PENSION ACCUMULATION FUND. ~~The pension accumulation~~
6 34 ~~fund shall be the fund in which shall be accumulated all All~~
6 35 moneys for the payment of all pensions and other benefits

7 1 payable from contributions made by the state and from which
7 2 shall be paid the lump-sum death benefits for all members
7 3 payable from the said contributions shall be accumulated in
7 4 the retirement fund. The refunds and benefits for all members
7 5 and beneficiaries shall be payable from the retirement fund.
7 6 Contributions to and payments from the ~~pension accumulation~~
7 7 ~~retirement~~ fund shall be as follows:
7 8 a. On account of each member there shall be paid annually
7 9 into the ~~pension accumulation retirement~~ fund by the state of
7 10 Iowa an amount equal to a certain percentage of the earnable
7 11 compensation of the member to be known as the "normal
7 12 contribution". The rate percent of such contribution shall be
7 13 fixed on the basis of the liabilities of the retirement system
7 14 as shown by annual actuarial valuations.
7 15 b. (1) On the basis of the actuarial methods and
7 16 assumptions, rate of interest, and of the mortality, interest,
7 17 and other tables adopted by the board of trustees, the board
7 18 of trustees, upon the advice of the actuary hired by the board
7 19 for that purpose, shall make each valuation required by this
7 20 chapter pursuant to the requirements of section 97A.5 and
7 21 shall immediately after making such valuation, determine the
7 22 "normal contribution rate". The normal contribution rate
7 23 shall be the rate percent of the earnable compensation of all
7 24 members obtained by deducting from the total liabilities of
7 25 the fund the sum of the amount of the funds in hand to the
7 26 credit of the fund and dividing the remainder by one percent
7 27 of the present value of the prospective future compensation of
7 28 all members as computed on the basis of the rate of interest
7 29 and of mortality and service tables adopted by the board of
7 30 trustees, all equal to the rate required by the system to
7 31 discharge its liabilities, stated as a percentage of the
7 32 earnable compensation of all members, and reduced by the
7 33 employee contribution made pursuant to rate provided in this
7 34 subsection. However, the normal rate of contribution shall
7 35 not be less than seventeen percent. The normal rate of
8 1 contribution shall be determined by the board of trustees
8 2 after each valuation. To assist in determining the normal
8 3 rate of contribution, the board of trustees may adopt a
8 4 smoothing method for valuing the assets of the system. The
8 5 smoothing method is designed to reduce changes in the normal
8 6 contribution rate which could result from fluctuations in the
8 7 market value of the assets of the system.
8 8 (2) Notwithstanding the provisions of subparagraph (1) to
8 9 the contrary, the normal contribution rate shall be as
8 10 follows:
8 11 (a) For the fiscal year beginning July 1, 2008, nineteen
8 12 percent.
8 13 (b) For the fiscal year beginning July 1, 2009, twenty-one
8 14 percent.
8 15 (c) For the fiscal year beginning July 1, 2010,
8 16 twenty-three percent.
8 17 (d) For the fiscal year beginning July 1, 2011,
8 18 twenty-five percent.
8 19 (e) For each fiscal year beginning on or after July 1,
8 20 2012, the lesser of twenty-seven percent or the normal
8 21 contribution rate as calculated pursuant to subparagraph (1).
8 22 c. The total amount payable in each year to the ~~pension~~
8 23 ~~accumulation retirement~~ fund shall not be less than the rate
8 24 percent known as the normal contribution rate of the total
8 25 compensation earnable by all members during the year.
8 26 However, the aggregate payment by the state shall be
8 27 sufficient when combined with the amount in the retirement
8 28 fund to provide the pensions and other benefits payable out of
8 29 the retirement fund during the then current year.
8 30 d. All lump-sum death benefits on account of death in
8 31 active service payable from contributions of the state shall
8 32 be paid from the ~~pension accumulation retirement~~ fund.
8 33 e. Upon the ~~retirement or death of a member an amount~~
8 34 ~~equal to the pension reserve on any pension payable to the~~
8 35 ~~member or on account of the member's death shall be~~
9 1 ~~transferred from the pension accumulation fund to the pension~~
9 2 ~~reserve fund.~~
9 3 f. ~~e.~~ Except as otherwise provided in paragraph "h" "g":
9 4 (1) An amount equal to three and one-tenth percent of each
9 5 member's compensation from the earnable compensation of the
9 6 member shall be paid to the ~~pension accumulation retirement~~
9 7 ~~fund for the fiscal year beginning July 1, 1989.~~
9 8 (2) An amount equal to four and one-tenth percent of each
9 9 member's compensation from the earnable compensation of the
9 10 member shall be paid to the ~~pension accumulation retirement~~
9 11 ~~fund for the fiscal year beginning July 1, 1990.~~

9 12 (3) An amount equal to five and one-tenth percent of each
9 13 member's compensation from the earnable compensation of the
9 14 member shall be paid to the pension accumulation retirement
9 15 fund for the fiscal year beginning July 1, 1991.

9 16 (4) An amount equal to six and one-tenth percent of each
9 17 member's compensation from the earnable compensation of the
9 18 member shall be paid to the pension accumulation retirement
9 19 fund for the fiscal year beginning July 1, 1992.

9 20 (5) An amount equal to seven and one-tenth percent of each
9 21 member's compensation from the earnable compensation of the
9 22 member shall be paid to the pension accumulation retirement
9 23 fund for the fiscal year beginning July 1, 1993.

9 24 (6) An amount equal to eight and one-tenth percent of each
9 25 member's compensation from the earnable compensation of the
9 26 member shall be paid to the pension accumulation retirement
9 27 fund for the fiscal period beginning July 1, 1994, through
9 28 December 31, 1994, and an amount equal to eight and
9 29 thirty-five hundredths percent of each member's compensation
9 30 from the earnable compensation of the member shall be paid to
9 31 the pension accumulation retirement fund for the fiscal period
9 32 beginning January 1, 1995, through June 30, 1995.

9 33 (7) An amount equal to nine and thirty-five hundredths
9 34 percent of each member's compensation from the earnable
9 35 compensation of the member shall be paid to the pension
~~10 1 accumulation retirement~~ fund for the fiscal year beginning
10 2 July 1, 1995.

10 3 (8) Notwithstanding any other provision of this chapter,
10 4 beginning July 1, 1996, and each fiscal year thereafter, an
10 5 amount equal to the member's contribution rate times each
10 6 member's compensation shall be paid to the pension
~~10 7 accumulation retirement~~ fund from the earnable compensation of
10 8 the member. For the purposes of this subparagraph, the
10 9 member's contribution rate shall be nine and thirty-five
10 10 hundredths percent. However, the system shall increase the
10 11 member's contribution rate as necessary to cover any increase
10 12 in cost to the system resulting from statutory changes which
10 13 are enacted by any session of the general assembly meeting
10 14 after January 1, 1995, if the increase cannot be absorbed
10 15 within the contribution rates otherwise established pursuant
10 16 to this paragraph, but subject to a maximum employee
10 17 contribution rate of eleven and three-tenths percent. After
10 18 the employee contribution reaches eleven and three-tenths
10 19 percent, sixty percent of the additional cost of such
10 20 statutory changes shall be paid by the employer under
10 21 paragraph "c" and forty percent of the additional cost shall
10 22 be paid by employees under this ~~paragraph~~ subparagraph (8).

10 23 ~~g. f.~~ The board of trustees shall certify to the director
10 24 of the department of administrative services and the director
10 25 of the department of administrative services shall cause to be
10 26 deducted from the earnable compensation of each member the
10 27 contribution required under this subsection and shall forward
10 28 the contributions to the board of trustees for recording and
10 29 for deposit in the pension accumulation retirement fund.

10 30 The deductions provided for under this subsection shall be
10 31 made notwithstanding that the minimum compensation provided by
10 32 law for any member is reduced. Every member is deemed to
10 33 consent to the deductions made under this section.

10 34 ~~h. g.~~ Notwithstanding the provisions of paragraph "~~f~~"
10 35 "e", the following transition percentages apply to members'
11 1 contributions as specified:

11 2 (1) For members who on July 1, 1990, have attained the age
11 3 of forty-nine years or more, an amount equal to nine and
11 4 one-tenth percent of each member's compensation from the
11 5 earnable compensation of the member shall be paid to the
11 6 pension accumulation retirement fund for the fiscal period
11 7 beginning July 1, 1990, through October 15, 1992, and
11 8 commencing October 16, 1992, and for each subsequent fiscal
11 9 period, the rates specified in paragraph "~~f~~" "e",
11 10 subparagraphs (4) through (8), shall apply.

11 11 (2) For members who on July 1, 1990, have attained the age
11 12 of forty-eight years but have not attained the age of
11 13 forty-nine years, an amount equal to eight and one-tenth
11 14 percent shall be paid for the fiscal year beginning July 1,
11 15 1990, and an amount equal to nine and one-tenth percent shall
11 16 be paid for the fiscal period beginning July 1, 1991, through
11 17 October 15, 1992, and commencing October 16, 1992, and for
11 18 each subsequent fiscal period, the rates specified in
11 19 paragraph "~~f~~" "e", subparagraphs (4) through (8), shall apply.

11 20 (3) For members who on July 1, 1990, have attained the age
11 21 of forty-seven years but have not attained the age of
11 22 forty-eight years, an amount equal to seven and one-tenth

11 23 percent shall be paid for the fiscal year beginning July 1,
11 24 1990, an amount equal to eight and one-tenth percent shall be
11 25 paid for the fiscal year beginning July 1, 1991, and an amount
11 26 equal to nine and one-tenth percent shall be paid for the
11 27 fiscal period beginning July 1, 1992, through October 15,
11 28 1992, and commencing October 16, 1992, and for each subsequent
11 29 fiscal period, the rates specified in paragraph "f" "e",
11 30 subparagraphs (4) through (8), shall apply.

11 31 (4) For members who on July 1, 1990, have attained the age
11 32 of forty-six years but have not attained the age of
11 33 forty-seven years, an amount equal to six and one-tenth
11 34 percent shall be paid for the fiscal year beginning July 1,
11 35 1990, an amount equal to seven and one-tenth percent shall be
12 1 paid for the fiscal year beginning July 1, 1991, an amount
12 2 equal to eight and one-tenth percent shall be paid for the
12 3 fiscal period beginning July 1, 1992, through October 15,
12 4 1992, and commencing October 16, 1992, and for each subsequent
12 5 fiscal period, the rates specified in paragraph "f" "e",
12 6 subparagraphs (4) through (8), shall apply.

12 7 (5) For members who on July 1, 1990, have attained the age
12 8 of forty-five years but have not attained the age of forty-six
12 9 years, an amount equal to five and one-tenth percent shall be
12 10 paid for the fiscal year beginning July 1, 1990, an amount
12 11 equal to six and one-tenth percent shall be paid for the
12 12 fiscal year beginning July 1, 1991, and an amount equal to
12 13 seven and one-tenth percent shall be paid for the fiscal
12 14 period beginning July 1, 1992, through October 15, 1992.
12 15 Commencing October 16, 1992, and for each subsequent fiscal
12 16 period, the rates specified in paragraph "f" "e",
12 17 subparagraphs (4) through (8), shall apply.

12 18 ~~h.~~ h. (1) Notwithstanding paragraph "g" "f" or other
12 19 provisions of this chapter, beginning January 1, 1995, for
12 20 federal income tax purposes, and beginning January 1, 1999,
12 21 for state income tax purposes, member contributions required
12 22 under paragraph "f" "e" or "h" "g" which are picked up by the
12 23 department shall be considered employer contributions for
12 24 federal and state income tax purposes, and the department
12 25 shall pick up the member contributions to be made under
12 26 paragraph "f" "e" or "h" "g" by its employees. The department
12 27 shall pick up these contributions by reducing the salary of
12 28 each of its employees covered by this chapter by the amount
12 29 which each employee is required to contribute under paragraph
12 30 "f" "e" or "h" "g" and shall certify the amount picked up in
12 31 lieu of the member contributions to the department of
12 32 administrative services. The department of administrative
12 33 services shall forward the amount of the contributions picked
12 34 up to the board of trustees for recording and deposit in the
12 35 pension accumulation retirement fund.

13 1 (2) Member contributions picked up by the department under
13 2 subparagraph (1) shall be treated as employer contributions
13 3 for federal and state income tax purposes only and for all
13 4 other purposes of this chapter shall be treated as employee
13 5 contributions and deemed part of the employee's earnable
13 6 compensation or salary.

~~13 7 2. PENSION RESERVE FUND. The pension reserve fund shall
13 8 be the fund in which shall be held the reserves on all
13 9 pensions granted to members or to their beneficiaries and from
13 10 which such pensions and benefits in lieu thereof shall be
13 11 paid. Should a beneficiary retired on account of disability
13 12 be restored to active service and again become a member of the
13 13 system, the member's pension reserve shall be transferred from
13 14 the pension reserve fund to the pension accumulation fund.
13 15 Should the pension of a disability beneficiary be reduced as a
13 16 result of an increase in the beneficiary's amount earned, the
13 17 amount of the annual reduction in the beneficiary's pension
13 18 shall be paid annually into the pension accumulation fund
13 19 during the period of such reduction.~~

~~13 20 3. 2. a. EXPENSE FUND. The expense fund shall be the
13 21 fund to which shall be credited all money provided by the
13 22 state of Iowa to pay the administration expenses of the system
13 23 and from which shall be paid all All the expenses necessary in
13 24 connection with the administration and operation of the system
13 25 shall be paid from the retirement fund. Biennially the board
13 26 of trustees shall estimate the amount of money necessary to be
13 27 paid into the expense fund during the ensuing biennium to
13 28 provide for the expense of operation of the system.
13 29 Investment management expenses shall be charged to the
13 30 investment income of the system and there is appropriated from
13 31 the system an amount required for the investment management
13 32 expenses. The board of trustees shall report the investment
13 33 management expenses for the fiscal year as a percent of the~~

13 34 market value of the system.
13 35 b. For purposes of this subsection, investment management
14 1 expenses are limited to the following:
14 2 ~~a.~~ (1) Fees for investment advisors, consultants, and
14 3 investment management and benefit consultant firms hired by
14 4 the board of trustees in administering this chapter.
14 5 ~~b.~~ (2) Fees and costs for safekeeping fund assets.
14 6 ~~c.~~ (3) Costs for performance and compliance monitoring,
14 7 and accounting for fund investments.
14 8 ~~d.~~ (4) Any other costs necessary to prudently invest or
14 9 protect the assets of the fund.

14 10 Sec. 12. Section 97A.11, Code 2007, is amended to read as
14 11 follows:

14 12 97A.11 CONTRIBUTIONS BY THE STATE.

14 13 On or before the first day of November in each year, the
14 14 board of trustees shall certify to the director of the
14 15 department of administrative services the amounts which will
14 16 become due and payable during the year next following to the
14 17 ~~pension accumulation retirement fund and the expense fund.~~
14 18 The amounts so certified shall be paid by the director of the
14 19 department of administrative services out of the funds
14 20 appropriated for the Iowa department of public safety, to the
14 21 treasurer of state, the same to be credited to the system for
14 22 the ensuing year.

14 23 Sec. 13. Section 97A.12, Code 2007, is amended to read as
14 24 follows:

14 25 97A.12 EXEMPTION FROM EXECUTION AND OTHER PROCESS OR
14 26 ASSIGNMENT == EXCEPTIONS.

14 27 The right of any person to a pension, annuity, or
14 28 retirement allowance, to the return of contributions, the
14 29 pension, annuity, or retirement allowance itself, any optional
14 30 benefit or death benefit, any other right accrued or accruing
14 31 to any person under this chapter, and the moneys in the
14 32 ~~various funds retirement fund~~ created under this chapter, are
14 33 not subject to execution, garnishment, attachment, or any
14 34 other process whatsoever, and are unassignable except for the
14 35 purposes of enforcing child, spousal, or medical support
15 1 obligations or marital property orders, or as otherwise
15 2 specifically provided in this chapter. For the purposes of
15 3 enforcing child, spousal, or medical support obligations, the
15 4 garnishment or attachment of or the execution against
15 5 compensation due a person under this chapter shall not exceed
15 6 the amount specified in 15 U.S.C. } 1673(b).

15 7 Sec. 14. Section 97A.14, Code 2007, is amended to read as
15 8 follows:

15 9 97A.14 HOSPITALIZATION AND MEDICAL ATTENTION.

15 10 The board of trustees shall provide hospital, nursing, and
15 11 medical attention for the members in service when injured
15 12 while in the performance of their duties and shall continue to
15 13 provide hospital, nursing, and medical attention for injuries
15 14 or diseases incurred while in the performance of their duties
15 15 for the members receiving a retirement allowance under section
15 16 97A.6, subsection 6. The cost of hospital, nursing, and
15 17 medical attention shall be paid out of the ~~expense retirement~~
15 18 fund. However, any amounts received by the injured person
15 19 under the workers' compensation law of the state, or from any
15 20 other source for such specific purposes, shall be deducted
15 21 from the amount paid by the board of trustees provisions of
15 22 this section.

15 23 Sec. 15. Section 97A.14A, subsection 5, Code 2007, is
15 24 amended to read as follows:

15 25 5. All funds recovered by the system under this section
15 26 shall be deposited in the ~~pension accumulation retirement~~ fund
15 27 created in section 97A.8.

15 28 Sec. 16. Section 97A.15, subsection 2, paragraph a, Code
15 29 2007, is amended to read as follows:

15 30 a. "Accumulated contributions" means the sum of all
15 31 amounts deducted from the compensation of a member and
15 32 credited to the member's individual account in the annuity
15 33 savings fund together with regular interest thereon as
15 34 provided in this subsection. Accumulated contributions do not
15 35 include any amount deducted from the compensation of a member
16 1 and credited to the ~~pension accumulation retirement~~ fund.

16 2 Sec. 17. Section 97A.15, subsection 8, Code 2007, is
16 3 amended to read as follows:

16 4 8. The actuary shall annually determine the amount
16 5 required in the annuity reserve fund. If the amount required
16 6 is less than the amount in the annuity reserve fund, the board
16 7 of trustees shall transfer the excess funds from the annuity
16 8 reserve fund to the ~~pension accumulation retirement~~ fund. If
16 9 the amount required is more than the amount in the annuity

16 10 reserve fund, the board of trustees shall transfer the amount
16 11 prescribed by the actuary to the annuity reserve fund from the
16 12 ~~pension accumulation retirement~~ fund.

16 13 DIVISION II

16 14 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

16 15 Sec. 18. Section 97B.1A, subsection 20, paragraph a, Code
16 16 2007, is amended to read as follows:

16 17 a. Service in the armed forces of the United States, if
16 18 the employee was employed by a covered employer immediately
16 19 prior to entry into the armed forces, and if ~~the~~ any of the
16 20 following requirements are met:

16 21 (1) The employee was released from service and returns to
16 22 covered employment with an employer within twelve months of
16 23 the date on which the employee has the right of release from
16 24 service or within a longer period as required by the
16 25 applicable laws of the United States.

16 26 (2) The employee, while serving on active duty in the
16 27 armed forces of the United States in an area designated by the
16 28 president of the United States or the United States Congress
16 29 as a combat zone or as a qualified hazardous duty area, or
16 30 deployed outside the United States away from the individual's
16 31 permanent duty station while participating in an operation
16 32 designated by the United States secretary of defense as a
16 33 contingency operation as defined in 10 U.S.C. } 101(a)(13), or
16 34 which became such a contingency operation by the operation of
16 35 law, dies, or suffers an injury or acquires a disease
17 1 resulting in death, so long as the death from the injury or
17 2 disease occurs within a two-year period from the date the
17 3 employee suffered the active duty injury or disease and the
17 4 active duty injury or disease prevented the employee from
17 5 returning to covered employment as provided in subparagraph
17 6 (1).

17 7 Sec. 19. Section 97B.1A, subsection 26, paragraph a,
17 8 subparagraph (2), subparagraph subdivision (i), Code 2007, is
17 9 amended to read as follows:

17 10 (i) Payments for allowances ~~made to an employee that are~~
17 11 ~~not included in an employee's federal taxable income~~ except
17 12 for those allowances included as wages for a member of the
17 13 general assembly.

17 14 Sec. 20. Section 97B.1A, subsection 26, paragraph a,
17 15 subparagraph (2), Code 2007, is amended by adding the
17 16 following new subparagraph subdivision:

17 17 NEW SUBPARAGRAPH SUBDIVISION. (n) Bonuses of any type,
17 18 whether paid in a lump sum or in installments.

17 19 Sec. 21. Section 97B.4, subsection 2, Code Supplement
17 20 2007, is amended by adding the following new paragraph:

17 21 NEW PARAGRAPH. d. In administering this chapter, the
17 22 system shall not be a participating agency for purposes of
17 23 chapter 8A, subchapter II.

17 24 Sec. 22. Section 97B.4, subsection 4, paragraph d, Code
17 25 Supplement 2007, is amended to read as follows:

17 26 d. ANNUAL VALUATION OF ASSETS. The system shall cause an
17 27 annual actuarial valuation to be made of the assets and
17 28 liabilities of the retirement system and shall prepare an
17 29 annual statement of the amounts to be contributed under this
17 30 chapter, and shall publish annually such valuation of the
17 31 assets and liabilities and the statement of receipts and
17 32 disbursements of the retirement system. Based upon the
17 33 actuarial methods and assumptions adopted by the board for the
17 34 annual actuarial valuation, the system shall certify to the
17 35 governor the contribution rates determined thereby as the
18 1 rates necessary and sufficient for members and employers to
18 2 fully fund the benefits and retirement allowances being
18 3 credited. Effective with the fiscal year beginning July 1,
18 4 2008, the annual actuarial valuation required by this
18 5 paragraph shall include information as required by section
18 6 97D.5 for each membership group which separately determines
18 7 contribution rates under this chapter.

18 8 Sec. 23. Section 97B.7, subsection 3, paragraph d, Code
18 9 2007, is amended to read as follows:

18 10 d. To be used to pay for investment management expenses
18 11 incurred in the management of the retirement fund. Expenses
18 12 incurred pursuant to this paragraph shall be charged to the
18 13 investment income of the retirement fund. ~~However, the amount~~
18 14 ~~appropriated for a fiscal year under this paragraph shall not~~
18 15 ~~exceed four-tenths of one percent of the market value of the~~
18 16 ~~retirement fund.~~

18 17 Sec. 24. Section 97B.9, subsections 1 and 2, Code 2007,
18 18 are amended to read as follows:

18 19 1. An employer shall be charged the greater of ~~ten~~ twenty
18 20 dollars per occurrence or interest at the combined interest

18 21 and dividend rate required under section 97B.70 for the
18 22 applicable calendar year for contributions unpaid on the date
18 23 on which they are due and payable as prescribed by the system.
18 24 The system may adopt rules prescribing circumstances for which
18 25 the interest or charge shall not accrue with respect to
18 26 contributions required. Interest or charges collected
18 27 pursuant to this section shall be paid into the Iowa public
18 28 employees' retirement fund.

18 29 2. If within thirty days after due notice the employer
18 30 defaults in payment of contributions or interest thereon, the
18 31 amount due ~~shall~~ may be collected by civil action in the name
18 32 of the system, and the employer adjudged in default shall pay
18 33 the costs of such action. Civil actions brought under this
18 34 section to collect contributions or interest thereon shall be
18 35 heard by the court at the earliest possible date and shall be
19 1 entitled to preference upon the calendar of the court over all
19 2 other civil actions.

19 3 Sec. 25. Section 97B.10, subsection 3, Code 2007, is
19 4 amended to read as follows:

19 5 3. ~~Except as provided in this subsection, interest~~
19 6 ~~Interest~~ shall not be paid on credits issued pursuant to this
19 7 section. ~~However, if a credit for contributions paid prior to~~
19 8 ~~an individual's decision to elect out of coverage pursuant to~~
19 9 ~~section 97B.42A is issued, accumulated interest and interest~~
19 10 ~~on dividends as provided in section 97B.70 shall apply. In~~
19 11 ~~addition,~~ the system may, at any time, apply accumulated
19 12 interest and interest dividends as provided in section 97B.70
19 13 on any credits issued under this section if the system finds
19 14 that the crediting of interest is just and equitable.

19 15 Sec. 26. Section 97B.11, Code 2007, is amended to read as
19 16 follows:

19 17 97B.11 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE.

19 18 1. Each employer shall deduct from the wages of each
19 19 member of the retirement system a contribution in the amount
19 20 of the applicable employee percentage of the covered wages
19 21 paid by the employer and such additional amount if otherwise
19 22 required by law, until the member's termination from
19 23 employment. The contributions of the employer shall be in the
19 24 amount of the applicable employer percentage of the covered
19 25 wages of the member and such additional amount if otherwise
19 26 required by law.

19 27 2. ~~For~~ Prior to July 1, 2011, for purposes of this
19 28 section, unless the context otherwise requires:

19 29 a. "Applicable employee percentage" means the percentage
19 30 rate equal to three and seven-tenths percent plus forty
19 31 percent of the total additional percentage.

19 32 b. "Applicable employer percentage" means the percentage
19 33 rate equal to five and seventy-five hundredths percent plus
19 34 sixty percent of the total additional percentage.

19 35 c. "Total additional percentage" means ~~as follows:~~

20 1 ~~(1) For, for the fiscal period beginning July 1, 2007,~~
20 2 ~~through June 30, 2011, the total additional percentage for a~~
20 3 ~~fiscal year shall be the total additional percentage for the~~
20 4 ~~prior fiscal year plus, only if the total comparison~~
20 5 ~~percentage is greater than the total of the applicable~~
20 6 ~~employee percentage and the applicable employer percentage for~~
20 7 ~~the prior fiscal year, one-half percentage point.~~

20 8 ~~(2) For each fiscal year beginning on or after July 1,~~
20 9 ~~2011, the total additional percentage shall be the total~~
20 10 ~~additional percentage for the prior fiscal year.~~

20 11 d. "Total comparison percentage" means the percentage rate
20 12 that the system determines, based upon the most recent
20 13 actuarial valuation of the retirement system, would be
20 14 sufficient to amortize the unfunded actuarial liability of the
20 15 retirement system in ten years.

20 16 3. On and after July 1, 2011, for purposes of this
20 17 section, unless the context otherwise requires:

20 18 a. For members in regular service:

20 19 (1) "Applicable employee percentage" means the percentage
20 20 rate equal to forty percent of the required contribution rate
20 21 for members in regular service.

20 22 (2) "Applicable employer percentage" means the percentage
20 23 rate equal to sixty percent of the required contribution rate
20 24 for members in regular service.

20 25 b. For members in special service in a protection
20 26 occupation as described in section 97B.49B:

20 27 (1) "Applicable employee percentage" means the percentage
20 28 rate equal to forty percent of the required contribution rate
20 29 for members described in section 97B.49B.

20 30 (2) "Applicable employer percentage" means the percentage
20 31 rate equal to sixty percent of the required contribution rate

20 32 for members described in section 97B.49B.
20 33 c. For members in special service as a county sheriff or
20 34 deputy sheriff as described in section 97B.49C:
20 35 (1) "Applicable employee percentage" means the percentage
21 1 rate equal to fifty percent of the required contribution rate
21 2 for members described in section 97B.49C.
21 3 (2) "Applicable employer percentage" means the percentage
21 4 rate equal to fifty percent of the required contribution rate
21 5 for members described in section 97B.49C.
21 6 d. "Required contribution rate" means that percentage of
21 7 the covered wages of members in regular service, members
21 8 described in section 97B.49B, and members described in section
21 9 97B.49C, that the system shall, for each fiscal year,
21 10 separately set for members in each membership category as
21 11 provided in this paragraph. The required contribution rate
21 12 for a membership category shall be the contribution rate the
21 13 system actuarially determines, based upon the most recent
21 14 actuarial valuation of the system and using the actuarial
21 15 methods, assumptions, and funding policy approved by the
21 16 investment board, is the rate required by the system to
21 17 discharge its liabilities as a percentage of the covered wages
21 18 of members in that membership category. However, the required
21 19 contribution rate set by the system for a fiscal year shall
21 20 not vary by more than one-half percentage point from the
21 21 required contribution rate for the prior fiscal year.

21 22 Sec. 27. Section 97B.14, Code 2007, is amended to read as
21 23 follows:

21 24 97B.14 CONTRIBUTIONS FORWARDED.

21 25 Contributions deducted from the wages of the member under
21 26 section 97B.11 prior to January 1, 1995, member contributions
21 27 picked up by the employer under section 97B.11A beginning
21 28 January 1, 1995, and the employer's contribution shall be
21 29 forwarded to the system for recording and deposited with the
21 30 treasurer of the state to the credit of the Iowa public
21 31 employees' retirement fund. Contributions shall be remitted
21 32 monthly, if total contributions by both employee and employer
21 33 amount to one hundred dollars or more each month, and shall be
21 34 otherwise paid in such manner, at such times, and under such
21 35 conditions, either by copies of payrolls or other methods
22 1 necessary or helpful in securing proper identification of the
22 2 member, as may be prescribed by the system.

22 3 Sec. 28. Section 97B.33, Code 2007, is amended to read as
22 4 follows:

22 5 97B.33 CERTIFICATION TO DIRECTOR PAYMENT TO INDIVIDUALS.

22 6 Upon final decision of the system, or upon final judgment
22 7 of any court of competent jurisdiction, that any person is
22 8 entitled to any payment or payments under this chapter, the
22 9 system shall certify to the director of the department of
22 10 administrative services the name and address of the person so
22 11 entitled to receive such payment or payments, the amount of
22 12 such payment or payments, and the time at which such payment
22 13 or payments should be made, and the system, through the
22 14 director of the department of administrative services, shall
22 15 make payment in accordance with the certification of the
22 16 system to the person, provided that where judicial review of
22 17 the system's decision is or may be sought in accordance
22 18 with the terms of the Iowa administrative procedure Act,
22 19 chapter 17A, certification of payment may be withheld pending
22 20 such review. The director of the department of administrative
22 21 services shall not be held personally liable for any payment
22 22 or payments made in accordance with a certification by the
22 23 system.

22 24 Sec. 29. Section 97B.34A, subsections 1 and 2, Code 2007,
22 25 are amended to read as follows:

22 26 1. If the total sum to be paid to the minor is less than
22 27 ~~ten~~ the greater of twenty-five thousand dollars or the maximum
22 28 amount permitted under section 565B.7, subsection 3, the funds
22 29 may be paid to an adult as custodian for the minor. The
22 30 custodian must complete the proper forms as determined by the
22 31 system.

22 32 2. If the total sum to be paid to the minor is equal to or
22 33 more than ~~ten thousand dollars~~ the amount authorized in
22 34 subsection 1, the funds must be paid to a court-established
22 35 conservator. The system shall not make payment until the
23 1 conservatorship has been established and the system has
23 2 received the appropriate documentation.

23 3 Sec. 30. Section 97B.38, Code 2007, is amended to read as
23 4 follows:

23 5 97B.38 FEES FOR SERVICES.

23 6 The system may, by rule, prescribe reasonable fees which
23 7 may be charged for ~~production~~ costs incurred, including staff

23 8 time and materials, ~~associated with performing to perform its~~
23 9 ~~duties under this chapter for active, inactive, and retired~~
~~23 10 members, beneficiaries, and the general public, where such~~
~~23 11 production costs are more than de minimis, as determined by~~
~~23 12 the system.~~

23 13 Sec. 31. Section 97B.49B, subsection 1, paragraph e, Code
23 14 2007, is amended by adding the following new subparagraphs:

23 15 NEW SUBPARAGRAPH. (9) A jailer or detention officer who
23 16 performs duties as a jailer, including but not limited to the
23 17 transportation of inmates, who is certified as having
23 18 completed jailer training pursuant to chapter 80B, and who is
23 19 employed by a county as a jailer.

23 20 NEW SUBPARAGRAPH. (10) An employee covered by the merit
23 21 system as provided in chapter 8A, subchapter IV, whose primary
23 22 duty is providing security at Iowa national guard
23 23 installations and facilities and who carries or is licensed to
23 24 carry a firearm while performing those duties.

23 25 NEW SUBPARAGRAPH. (11) An emergency medical care provider
23 26 who provides emergency medical services, as defined in section
23 27 147A.1, and who is not a member of the retirement systems
23 28 established in chapter 410 or 411.

23 29 NEW SUBPARAGRAPH. (12) An investigator employed by a
23 30 county attorney's office who is a certified law enforcement
23 31 officer and who is deputized as an investigator for the county
23 32 attorney's office by the sheriff of the applicable county.

23 33 Sec. 32. Section 97B.49B, subsection 3, paragraph a, Code
23 34 2007, is amended by striking the paragraph.

23 35 Sec. 33. Section 97B.49C, subsection 3, paragraph a, Code
24 1 2007, is amended by striking the paragraph.

24 2 Sec. 34. Section 97B.49F, subsection 1, paragraph b,
24 3 subparagraph (2), subparagraph subdivision (b), Code 2007, is
24 4 amended to read as follows:

24 5 (b) The percentage representing the percentage amount the
24 6 actuary has certified, ~~in the annual actuarial valuation of~~
~~24 7 the retirement system as of June 30 of the year in which the~~
~~24 8 dividend is to be paid,~~ that the fund can absorb without
24 9 requiring an increase in the employer and employee
24 10 contributions to the fund. The actuary's certification of
24 11 such percentage amount shall be based on a comparison of the
24 12 actuarially required contribution rate for the fiscal year of
24 13 the dividend adjustment to the statutory contribution rate for
24 14 that same fiscal year. If the actuarially required
24 15 contribution rate exceeds the statutory contribution rate for
24 16 that same fiscal year, the percentage amount shall be zero.

24 17 Sec. 35. Section 97B.49H, subsection 3, Code 2007, is
24 18 amended to read as follows:

24 19 3. The system shall annually determine the amount to be
24 20 credited to the supplemental accounts of active members. The
24 21 total amount credited to the supplemental accounts of all
24 22 active members shall not exceed the amount that the system
24 23 determines, in consultation with the system's actuary, ~~can be~~
~~24 24 absorbed without significantly impacting the funded status of~~
24 25 leaves the system fully funded following the crediting of the
24 26 total amount to the supplemental accounts. The amount to be
24 27 credited shall not be greater than the amount calculated by
24 28 multiplying the member's covered wages for the applicable wage
24 29 reporting period by the supplemental rate. For purposes of
24 30 this subsection, the supplemental rate is the difference, if
24 31 positive, between the combined employee and employer statutory
24 32 contribution rates in effect under section 97B.11 and the
24 33 normal cost rate of the retirement system as determined by the
24 34 system's actuary in the most recent annual actuarial valuation
24 35 of the retirement system. The credits shall be made ~~at least~~
~~25 1 quarterly to each member's account at the time that covered~~
25 2 wages are reported for each wage reporting period during the
25 3 calendar year following a determination that the retirement
25 4 system ~~does not have an unfunded accrued liability will remain~~
25 5 fully funded following the crediting of the total amount to
25 6 the supplemental accounts. The normal cost rate, calculated
25 7 according to the actuarial cost method used, is the percent of
25 8 pay allocated to each year of service that is necessary to
25 9 fund projected benefits over all members' service with the
25 10 retirement system.

25 11 Sec. 36. Section 97B.50, subsection 2, Code 2007, is
25 12 amended by adding the following new paragraph:

25 13 NEW PARAGRAPH. d. For a vested member who retires from
25 14 the retirement system due to disability on or after July 1,
25 15 2009, and commences receiving disability benefits pursuant to
25 16 the federal Railroad Retirement Act, 45 U.S.C. } 231 et seq.,
25 17 or the federal Social Security Act, 42 U.S.C. } 423 et seq.,
25 18 the system may require the vested member to certify on an

25 19 annual basis continued eligibility for disability payments
25 20 under the federal Railroad Retirement Act or the federal
25 21 Social Security Act. If the vested member is under the age at
25 22 which disability benefits are converted under the federal
25 23 Social Security Act or the federal Railroad Retirement Act to
25 24 retirement benefits and is no longer eligible for disability
25 25 payments under either the federal Railroad Retirement Act or
25 26 the federal Social Security Act, the vested member shall no
25 27 longer be eligible to receive retirement benefits as provided
25 28 by this subsection. If the system has paid retirement
25 29 benefits to the member between the month the member was no
25 30 longer eligible for payment pursuant to the federal Railroad
25 31 Retirement Act or the federal Social Security Act and the
25 32 month the system terminated retirement benefits under this
25 33 paragraph, the member shall return all retirement benefits
25 34 paid by the system following the termination of such federal
25 35 disability benefits, plus interest. The system shall adopt
26 1 rules pursuant to chapter 17A to implement this paragraph.

26 2 Sec. 37. Section 97B.50A, subsection 12, Code 2007, is
26 3 amended to read as follows:

26 4 12. CONTRIBUTIONS. The expenses incurred in the
26 5 administration of this section by the system shall be paid
26 6 through contributions as determined pursuant to section
26 7 ~~97B.49B, subsection 3, or section 97B.49C, subsection 3, as~~
~~26 8 applicable 97B.11.~~

26 9 Sec. 38. Section 97B.52, subsection 1, paragraph a,
26 10 unnumbered paragraphs 1 and 3, Code 2007, are amended to read
26 11 as follows:

26 12 A lump sum payment equal to the accumulated contributions
26 13 of the member at the date of death plus the product of an
26 14 amount equal to the highest year of covered wages of the
26 15 deceased member and the number of years of membership service
26 16 divided by the applicable denominator. ~~However, a lump sum~~
~~26 17 payment made to a beneficiary under this paragraph due to the~~
~~26 18 death of a member shall not be less than the amount that would~~
~~26 19 have been payable on the death of the member on June 30, 1984,~~
~~26 20 under this paragraph as it appeared in the 1983 Code.~~

26 21 ~~Effective July 1, 1978, a method of payment under this~~
~~26 22 paragraph filed with the system by a member does not apply.~~

26 23 Sec. 39. Section 97B.53B, Code 2007, is amended to read as
26 24 follows:

26 25 97B.53B ROLLOVERS OF MEMBERS' ACCOUNTS.

26 26 1. As used in this section, unless the context otherwise
26 27 requires, and to the extent permitted by the internal revenue
26 28 service:

26 29 a. "Direct rollover" means a payment by the system to the
26 30 eligible retirement plan specified by ~~the member or the~~
~~26 31 member's surviving spouse an eligible person.~~

26 32 b. "Eligible person" means any of the following:

26 33 (1) The member.

26 34 (2) The member's surviving spouse.

26 35 (3) The member's spouse or former spouse as an alternate
27 1 payee under a qualified domestic relations order.

27 2 (4) Effective January 1, 2007, the member's nonspouse
27 3 beneficiaries who are designated beneficiaries as defined by
27 4 section 401(a)(9)(E) of the federal Internal Revenue Code, as
27 5 authorized under section 829 of the federal Pension Protection
27 6 Act of 2006.

27 7 c. "Eligible retirement plan" means ~~either, for an~~
27 8 eligible person, any of the following retirement plans that
27 9 accepts can accept an eligible rollover distribution from a
~~27 10 member or a member's surviving spouse that eligible person:~~

27 11 (1) An individual retirement account in accordance with
27 12 section 408(a) of the federal Internal Revenue Code.

27 13 (2) An individual retirement annuity in accordance with
27 14 section 408(b) of the federal Internal Revenue Code.

27 15 (3) ~~In addition, an "eligible retirement plan" includes an~~
27 16 annuity plan in accordance with section 403(a) of the
27 17 federal Internal Revenue Code, or a qualified trust in
27 18 accordance with section 401(a) of the federal Internal Revenue
27 19 Code, that accepts an eligible rollover distribution from a
27 20 member.

27 21 (4) ~~Effective January 1, 2002, the term "eligible~~
~~27 22 retirement plan" also includes~~ an annuity contract described
27 23 in section 403(b) of the federal Internal Revenue Code, and an
27 24 eligible plan under section 457(b) of the federal Internal
27 25 Revenue Code which is maintained by a state, political
27 26 subdivision of a state, or any agency or instrumentality of a
27 27 state or political subdivision of a state that chooses to
27 28 separately account for amounts transferred into such eligible
27 29 retirement plan from the system.

27 30 (5) Effective January 1, 2008, a Roth individual
27 31 retirement account or a Roth individual retirement annuity
27 32 established under section 408A of the Internal Revenue Code.
27 33 e. d. (1) "Eligible rollover distribution" includes any
27 34 of the following:
27 35 (a) All or any portion of a member's account and
28 1 supplemental account.
28 2 (b) Effective January 1, 2002, after-tax employee
28 3 contributions, if the plan to which such amounts are to be
28 4 transferred is an individual retirement account described in
28 5 federal Internal Revenue Code section 408(a) or 408(b), or is
28 6 a qualified defined contribution plan described in federal
28 7 Internal Revenue Code section 401(a) or 403(a), and such plan
28 8 agrees to separately account for the after-tax amount so
28 9 transferred.
28 10 (c) ~~A distribution made on behalf of a surviving spouse~~
28 11 ~~and to an alternate payee, who is a spouse or former spouse,~~
28 12 ~~under a qualified domestic relations order. Effective January~~
28 13 ~~1, 2007, after-tax employee contributions to a qualified~~
28 14 ~~defined benefit plan described in federal Internal Revenue~~
28 15 ~~Code section 401(a) or 403(a), or a tax-sheltered annuity plan~~
28 16 ~~described in federal Internal Revenue Code section 403(b), and~~
28 17 ~~such plan agrees to separately account for the after-tax~~
28 18 ~~amount so transferred.~~
28 19 (2) An eligible rollover distribution does not include any
28 20 of the following:
28 21 (a) A distribution that is one of a series of
28 22 substantially equal periodic payments, which occur annually or
28 23 more frequently, made for the life or life expectancy of the
28 24 distributee or the joint lives or joint life expectancies of
28 25 the distributee and the distributee's designated beneficiary,
28 26 or made for a specified period of ten years or more.
28 27 (b) A distribution to the extent that the distribution is
28 28 required pursuant to section 401(a)(9) of the federal Internal
28 29 Revenue Code.
28 30 (c) Prior to January 1, 2002, the portion of any
28 31 distribution that is not includible in the gross income of the
28 32 distributee, determined without regard to the exclusion for
28 33 net unrealized appreciation with respect to employer
28 34 securities.
28 35 2. ~~Effective January 1, 1993, a member or a member's~~
29 1 ~~surviving spouse~~ An eligible person may elect, at the time and
29 2 in the manner prescribed in rules adopted by the system and in
29 3 rules of the receiving retirement plan, to have the system pay
29 4 all or a portion of an eligible rollover distribution directly
29 5 to an eligible retirement plan, specified by the member or the
29 6 member's surviving spouse, in a direct rollover. However,
29 7 effective January 1, 2007, if the eligible person is a
29 8 nonspouse beneficiary as described in subsection 1, paragraph
29 9 "b", subparagraph (4), the nonspouse beneficiary may only have
29 10 a direct rollover of the distribution to an individual
29 11 retirement account or annuity as described in subsection 1,
29 12 paragraph "c", subparagraphs (1), (2), and (5), established
29 13 for the purpose of receiving the distribution on behalf of the
29 14 nonspouse beneficiary, and such individual retirement account
29 15 or annuity will be treated as an inherited individual
29 16 retirement account or annuity pursuant to section 829 of the
29 17 federal Pension Protection Act of 2006.
29 18 Sec. 40. Section 97B.65, Code 2007, is amended to read as
29 19 follows:
29 20 97B.65 REVISION RIGHTS RESERVED == LIMITATION ON INCREASE
29 21 OF BENEFITS == RATES OF CONTRIBUTION.
29 22 1. The right is reserved to the general assembly to alter,
29 23 amend, or repeal any provision of this chapter or any
29 24 application thereof to any person, provided, however, that to
29 25 the extent of the funds in the retirement system the amount of
29 26 benefits which at the time of any such alteration, amendment,
29 27 or repeal shall have accrued to any member of the retirement
29 28 system shall not be repudiated, provided further, however,
29 29 that the amount of benefits accrued on account of prior
29 30 service shall be adjusted to the extent of any unfunded
29 31 accrued liability then outstanding.
29 32 2. An increase in the benefits or retirement allowances
29 33 provided under this chapter shall not be enacted until after
29 34 the system's actuary determines that the system is fully
29 35 funded and will continue to be fully funded immediately
30 1 following enactment of the increase and the increase can be
30 2 absorbed within the contribution rates otherwise established
30 3 for the membership group authorized to receive the increase.
30 4 However, an increase in the benefits or retirement allowances
30 5 provided under this chapter may be enacted if the statutory

~~30 6 change providing for the increase is accompanied by a change
30 7 in the employer and employee contribution rates an adjustment
30 8 in the required contribution rate of the membership group
30 9 affected that is necessary to support such increase as~~

~~30 10 determined by the system's actuary.
30 11 Sec. 41. Section 97B.80C, subsection 1, paragraph a, Code
30 12 2007, is amended to read as follows:~~

~~30 13 a. "Nonqualified service" means ~~service that is not~~
30 14 ~~qualified service and includes, but is not limited to,~~ any of
30 15 the following:~~

~~30 16 (1) ~~Full-time volunteer public service in the federal~~
30 17 ~~peace corps program. Service that is not qualified service.~~~~

~~30 18 (2) ~~Public employment comparable to employment covered~~
30 19 ~~under this chapter in a qualified Canadian governmental entity~~
30 20 ~~that is an elementary school, secondary school, college, or~~
30 21 ~~university that is organized, administered, and primarily~~
30 22 ~~supported by the provincial, territorial, or federal~~
30 23 ~~governments of Canada, or any combination of the same. Any~~
30 24 ~~period of time for which there was no performance of services.~~~~

~~30 25 (3) ~~Service as described in subsection 1, paragraph "c",~~
30 26 ~~subparagraph (2).~~~~

~~30 27 Sec. 42. Section 97B.80C, subsection 2, Code 2007, is
30 28 amended to read as follows:~~

~~30 29 2. a. A vested or retired member may make contributions
30 30 to the retirement system to purchase up to the maximum amount
30 31 of permissive service credit for qualified service as
30 32 determined by the system, pursuant to Internal Revenue Code
30 33 section 415(n), ~~and the requirements of this section, and the~~
30 34 ~~system's administrative rules.~~~~

~~30 35 b. A vested or retired member of the retirement system ~~who~~
31 1 ~~has five or more full calendar years of covered wages~~ may make
31 2 contributions to the retirement system to purchase up to ~~five~~
31 3 ~~years a maximum of twenty quarters~~ of permissive service
31 4 credit for nonqualified service as determined by the system,
31 5 pursuant to Internal Revenue Code section 415(n), ~~and the~~
31 6 ~~requirements of this section, and the system's administrative~~
31 7 ~~rules. A vested or retired member must have at least twenty~~
31 8 ~~quarters of covered wages in order to purchase permissive~~
31 9 ~~service credit for nonqualified service.~~~~

~~31 10 c. A vested or retired member may convert regular member
31 11 service credit to special service credit by payment of the
31 12 amount actuarially determined as necessary to fund the
31 13 resulting increase in the member's accrued benefit. The
31 14 conversion shall be treated as a purchase of qualified service
31 15 credit subject to the requirements of paragraph "a" if the
31 16 service credit to be converted was or would have been for
31 17 qualified service. The conversion shall be treated as a
31 18 purchase of nonqualified service credit subject to the
31 19 requirements of paragraph "b" if the service credit to be
31 20 converted was purchased as nonqualified service credit.~~

~~31 21 Sec. 43. Section 97B.82, subsection 2, paragraph b,
31 22 subparagraph (2), subparagraph subdivision (c), Code 2007, is
31 23 amended to read as follows:~~

~~31 24 (c) ~~The For rollover service purchases prior to January 1,~~
31 25 ~~2007, the portion of any distribution that is not includible~~
31 26 ~~in the gross income of the distributee, determined without~~
31 27 ~~regard to the exclusion for net unrealized appreciation with~~
31 28 ~~respect to employer securities.~~~~

~~31 29 ~~For rollover service purchases on or after January 1, 2007,~~
31 30 ~~the portion of any distribution that is not includible in the~~
31 31 ~~gross income of the distributee, determined without regard to~~
31 32 ~~the exclusion for net unrealized appreciation with respect to~~
31 33 ~~employer securities, shall be treated as an eligible rollover~~
31 34 ~~distribution only when such portion is received from a~~
31 35 ~~qualified plan under section 401(a) or 403(a) of the federal~~
32 1 ~~Internal Revenue Code.~~~~

~~32 2 Sec. 44. Section 97B.82, subsection 3, Code 2007, is
32 3 amended to read as follows:~~

~~32 4 3. A member may purchase any service credit as authorized
32 5 by this section, to the extent permitted by the internal
32 6 revenue service, by means of a direct transfer, ~~excluding of~~
32 7 ~~pretax amounts, and effective January 1, 2007, any after-tax~~
32 8 ~~contributions, from an annuity contract qualified under~~
32 9 ~~federal Internal Revenue Code section 403(b), or an eligible~~
32 10 ~~plan described in federal Internal Revenue Code section~~
32 11 ~~457(b), maintained by a state, political subdivision of a~~
32 12 ~~state, or any agency or instrumentality of a state or~~
32 13 ~~political subdivision of a state. A direct transfer is a~~
32 14 ~~trustee-to-trustee transfer to the retirement system of~~
32 15 ~~contributions made to annuity contracts qualified under~~
32 16 ~~federal Internal Revenue Code section 403(b) and eligible~~~~

32 17 governmental plans qualified under federal Internal Revenue
32 18 Code section 457(b) for purposes of purchasing service credit
32 19 in the retirement system.
32 20 Sec. 45. Section 97B.73B, Code 2007, is repealed.
32 21 Sec. 46. TRANSITION PROVISION == REQUIRED CONTRIBUTION
32 22 RATE FOR FISCAL YEAR 2010=2011. For purposes of establishing
32 23 the required contribution rate for the fiscal year beginning
32 24 July 1, 2011, as provided in section 97B.11, as amended in
32 25 this Act, the required contribution rate for the fiscal year
32 26 beginning July 1, 2010, shall be, for members in regular
32 27 service, members described in section 97B.49B, and members
32 28 described in section 97B.49C, the total contribution
32 29 percentage rate paid by members and employers of that
32 30 membership group for the fiscal year beginning July 1, 2010.
32 31 Sec. 47. IMPLEMENTATION PROVISION. Notwithstanding any
32 32 provision of section 97B.65 to the contrary, the provisions of
32 33 this division of this Act shall be enacted and implemented by
32 34 the Iowa public employees' retirement system upon the
32 35 effective dates provided for the provisions of this division

33 1 of this Act.
33 2 Sec. 48. EFFECTIVE DATES == RETROACTIVE APPLICABILITY.
33 3 1. The sections of this Act amending section 97B.49B,
33 4 subsection 3, section 97B.49C, subsection 3, section 97B.50A,
33 5 subsection 12, and section 97B.65 take effect July 1, 2011.
33 6 2. The section of this Act amending section 97B.53B, being
33 7 deemed of immediate importance, takes effect upon enactment,
33 8 and, except as otherwise stated, is retroactively applicable
33 9 to January 1, 2007, and is applicable on and after that date.
33 10 3. The sections of this Act amending section 97B.82, being
33 11 deemed of immediate importance, take effect upon enactment,
33 12 and are retroactively applicable to January 1, 2007, and are
33 13 applicable on and after that date.

33 14 DIVISION III
33 15 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM
33 16 Sec. 49. Section 411.5, subsections 10 and 11, Code 2007,
33 17 are amended to read as follows:

33 18 10. ACTUARIAL INVESTIGATION == TABLES == RATES. At least
33 19 once in each five-year period, the actuary shall make an
33 20 actuarial investigation into the mortality, service, and
33 21 compensation experience of the members and beneficiaries of
33 22 the retirement system, and the interest and other earnings on
33 23 the moneys and other assets of the retirement system, and
33 24 shall make a valuation of the assets and liabilities of the
33 25 fire and police retirement fund, and on the basis of the
33 26 results of the investigation and valuation, the system shall
33 27 ~~do all of the following:~~

33 28 ~~a. Adopt adopt for the retirement system such actuarial~~
33 29 ~~methods and assumptions, interest rate, and mortality and~~
33 30 ~~other tables as are deemed necessary to conduct the annual~~
33 31 ~~actuarial valuation of the system.~~

33 32 ~~b. Certify the rates of contribution payable by the cities~~
33 33 ~~in accordance with section 411.8.~~

33 34 ~~c. Certify the rates of contributions payable by the~~
33 35 ~~members in accordance with section 411.8.~~

34 1 11. ANNUAL ACTUARIAL VALUATION.
34 2 a. On the basis of the actuarial methods and assumptions,
34 3 rate of interest and tables adopted, the actuary shall make an
34 4 annual valuation of the assets and liabilities of the fire and
34 5 police retirement fund created by this chapter. As a result
34 6 of the annual actuarial valuation, the system shall do all of
34 7 the following:

34 8 (1) Certify the rates of contribution payable by the
34 9 cities in accordance with section 411.8.

34 10 (2) Certify the rates of contributions payable by the
34 11 members in accordance with section 411.8.

34 12 b. Effective with the fiscal year beginning July 1, 2008,
34 13 the annual actuarial valuation required to be conducted shall
34 14 include information as required by section 97D.5.

34 15 Sec. 50. Section 411.8, subsection 1, paragraph b, Code
34 16 2007, is amended to read as follows:

34 17 b. On the basis of the actuarial methods and assumptions,
34 18 rate of interest, and of the mortality, interest and other
34 19 tables adopted by the system, the actuary engaged by the
34 20 system to make each valuation required by this chapter
34 21 pursuant to the requirements of section 411.5, shall
34 22 immediately after making such valuation, determine the "normal
34 23 contribution rate". Except as otherwise provided in this
34 24 lettered paragraph, the normal contribution rate shall be the
34 25 rate percent of the earnable compensation of all members
34 26 obtained by deducting from the total liabilities of the fund
34 27 the amount of the funds in hand to the credit of the fund and

~~34 28 dividing the remainder by one percent of the present value of~~
~~34 29 the prospective future compensation of all members as computed~~
~~34 30 on the basis of the rate of interest and of mortality and~~
~~34 31 service tables adopted, all equal to the rate required by the~~
~~34 32 system to discharge its liabilities, stated as a percentage of~~
~~34 33 the earnable compensation of all members, and reduced by the~~
34 34 employee contribution made pursuant to rate provided in
34 35 paragraph "f" of this subsection and the contribution rate
35 1 representing the state appropriation made as provided in
35 2 section 411.20. However, the normal rate of contribution
35 3 shall not be less than seventeen percent.

~~35 4 Beginning July 1, 1996, and each fiscal year thereafter,~~
~~35 5 the normal contribution rate shall be the rate percent of the~~
~~35 6 earnable compensation of all members obtained by deducting~~
~~35 7 from the total liabilities of the fund the amount of the funds~~
~~35 8 in hand to the credit of the fund and dividing the remainder~~
~~35 9 by one percent of the present value of the prospective future~~
~~35 10 compensation of all members as computed on the basis of the~~
~~35 11 rate of interest and of mortality and service tables adopted,~~
~~35 12 multiplied by six-tenths, or seventeen percent, whichever is~~
~~35 13 greater.~~

35 14 The normal rate of contribution shall be determined by the
35 15 actuary after each valuation.

35 16 Sec. 51. NEW SECTION. 411.10 PURCHASE OF SERVICE CREDIT
35 17 FOR MILITARY SERVICE.

35 18 1. An active member of the system who has been a member of
35 19 the retirement system five or more years may elect to purchase
35 20 up to five years of service credit for military service, other
35 21 than military service required to be recognized under Internal
35 22 Revenue Code section 414(u) or under the federal Uniformed
35 23 Services Employment and Reemployment Rights Act, that will be
35 24 recognized by the retirement system for purposes of
35 25 calculating a member's benefit, pursuant to Internal Revenue
35 26 Code section 415(n) and the requirements of this section.

35 27 2. a. A member seeking to purchase service credit
35 28 pursuant to this section shall file a written application with
35 29 the system requesting an actuarial determination of the cost
35 30 of a purchase of service credit. Upon receipt of the cost
35 31 estimate for the purchase of service from the system, the
35 32 member may make contributions to the system in an amount equal
35 33 to the actuarial cost of the service credit purchase.

35 34 b. For purposes of this subsection, the actuarial cost of
35 35 the service credit purchase is an amount determined by the
36 1 system in accordance with actuarial tables, as reported to the
36 2 system by the system's actuary, which reflects the actuarial
36 3 cost necessary to fund an increased retirement allowance
36 4 resulting from the purchase of service credit.

36 5 3. The system shall ensure that the member, in exercising
36 6 an option provided in this section, does not exceed the amount
36 7 of annual additions to a member's account permitted pursuant
36 8 to section 415 of the federal Internal Revenue Code.

36 9 4. The board of trustees shall adopt rules providing for
36 10 the implementation and administration of this section.

DIVISION IV

JUDICIAL RETIREMENT SYSTEM

36 13 Sec. 52. Section 602.9104, subsection 1, paragraph b, Code
36 14 2007, is amended to read as follows:

36 15 b. The state shall contribute annually to the judicial
36 16 retirement fund an amount equal to the state's required
36 17 contribution for all judges covered under this article. ~~The~~
~~36 18 state's required contribution shall be appropriated directly~~
~~36 19 to the judicial retirement fund by the general assembly.~~

36 20 Sec. 53. Section 602.9104, subsection 4, paragraphs b, c,
36 21 d, and e, Code 2007, are amended to read as follows:

36 22 b. "Fully funded status" means that the most recent
36 23 actuarial valuation reflects that, ~~using the projected unit~~
~~36 24 credit method in accordance with generally recognized and~~
~~36 25 accepted actuarial principles and practices set forth by the~~
~~36 26 American academy of actuaries,~~ the funded status of the system
36 27 is at least ninety one hundred percent, based upon the
36 28 benefits provided for judges through the judicial retirement
36 29 system as of July 1, 2006.

36 30 c. "Judge's required contribution" means an amount equal
36 31 to the basic salary of the judge multiplied by the following
36 32 applicable percentage:

36 33 (1) For the fiscal year beginning July 1, 2008, and ending
36 34 June 30, 2009, seven and seven-tenths percent.

36 35 (2) For the fiscal year beginning July 1, 2009, and ending
37 1 June 30, 2010, eight and seven-tenths percent.

37 2 ~~(1)~~ (3) For the fiscal year beginning July 1, ~~2006~~ 2010,
37 3 and for each subsequent fiscal year until the system attains

37 4 fully funded status, ~~six percent multiplied by a fraction~~
37 5 ~~equal to the actual percentage rate contributed by the state~~
37 6 ~~for that fiscal year divided by twenty-three and seven-tenths~~
37 7 ~~percent nine and thirty-five hundredths percent.~~
37 8 ~~(2) (4) Commencing with the first fiscal year in which~~
37 9 ~~the system attains fully funded status, and for each~~
37 10 ~~subsequent fiscal year, the percentage rate equal to fifty~~
37 11 ~~forty percent of the required contribution rate.~~
37 12 ~~d. "Required contribution rate" means that percentage of~~
37 13 ~~the basic salary of all judges covered under this article~~
37 14 ~~which the actuary of the system determines is necessary, using~~
37 15 ~~the projected unit credit method in accordance with generally~~
37 16 ~~recognized and accepted actuarial principles and practices set~~
37 17 ~~forth by the American academy of actuaries, to amortize the~~
37 18 ~~unfunded actuarial liability of the judicial retirement system~~
37 19 ~~within twenty years equal to the actuarially required~~
37 20 ~~contribution rate determined by the actuary pursuant to~~
37 21 ~~section 602.9116.~~

37 22 e. "State's required contribution" means an amount equal
37 23 to the basic salary of all judges covered under this article
37 24 multiplied by the following applicable percentage:
37 25 (1) For the fiscal year beginning July 1, ~~2006~~ 2008, and
37 26 for each subsequent fiscal year until the system attains fully
37 27 funded status, ~~twenty-three and seven-tenths~~ thirty and
37 28 ~~six-tenths~~ percent.

37 29 (2) Commencing with the first fiscal year in which the
37 30 system attains fully funded status, and for each subsequent
37 31 fiscal year, the percentage rate equal to ~~fifty~~ sixty percent
37 32 of the required contribution rate.

37 33 Sec. 54. Section 602.9116, subsection 1, Code Supplement
37 34 2007, is amended to read as follows:

37 35 1. The court administrator shall cause an actuarial
38 1 valuation to be made of the assets and liabilities of the
38 2 judicial retirement fund at least once every four years
38 3 commencing with the fiscal year beginning July 1, 1981. For
38 4 each fiscal year in which an actuarial valuation is not
38 5 conducted, the court administrator shall cause an annual
38 6 actuarial update to be prepared for the purpose of determining
38 7 the adequacy of the contribution rates specified in section
38 8 602.9104. The court administrator shall adopt actuarial
38 9 methods and assumptions, mortality tables, and other necessary
38 10 factors for use in the actuarial calculations required for the
38 11 valuation upon the recommendation of the actuary. In
38 12 addition, effective with the fiscal year beginning July 1,
38 13 2008, the actuarial valuation or actuarial update required to
38 14 be conducted shall include information as required by section
38 15 97D.5. Following the actuarial valuation or annual actuarial
38 16 update, the court administrator shall determine the condition
38 17 of the system, determine the actuarially required contribution
38 18 rate for each fiscal year which is the rate required by the
38 19 system to discharge its liabilities, stated as a percentage of
38 20 the basic salary of all judges covered under this article, and
38 21 shall report any findings and recommendations to the general
38 22 assembly.

DIVISION V

MISCELLANEOUS PROVISIONS

38 25 Sec. 55. Section 8A.438, Code 2007, is amended by striking
38 26 the section and inserting in lieu thereof the following:

38 27 8A.438 TAX-SHELTERED INVESTMENT CONTRACTS.

38 28 1. The director may establish a tax-sheltered investment
38 29 program for eligible employees. The director may arrange for
38 30 the provision of investment vehicles authorized under section
38 31 403(b) of the Internal Revenue Code, as defined in section
38 32 422.3. The department may offer the tax-sheltered investment
38 33 program to eligible public employers in the state of Iowa.

38 34 2. a. A special, separate tax-sheltered investment
38 35 revolving trust fund is created in the state treasury under
39 1 the control of the department. The fund shall consist of all
39 2 moneys deposited in the fund pursuant to this section, any
39 3 funds received from other entities in the state of Iowa, and
39 4 interest and earnings thereon. The director is the trustee of
39 5 the fund and shall administer the fund. Any loss to the fund
39 6 shall be charged against the fund and the director shall not
39 7 be personally liable for such loss.

39 8 b. Moneys in the fund are not subject to section 8.33.
39 9 Notwithstanding section 12C.7, subsection 2, interest or
39 10 earnings on moneys in the fund shall be credited to the fund.

39 11 Sec. 56. Section 55.1, unnumbered paragraph 1, Code 2007,
39 12 is amended to read as follows:

39 13 A person who is elected to a municipal, county, state, or
39 14 federal office shall, upon written application to the employer

39 15 of that person, be granted a leave of absence from regular
39 16 employment to serve in that office except where prohibited by
39 17 the federal law. The leave of absence may be granted without
39 18 pay ~~and, except that if a salaried employee takes leave~~
39 19 ~~without pay from regular employment for a portion of a pay~~
39 20 ~~period, the employee's salaried compensation for that pay~~
39 21 ~~period shall be reduced by the ratio of the number of days of~~
39 22 ~~leave taken to the total number of days in the pay period.~~

39 23 The leave of absence shall be granted without loss of net
39 24 credited service and benefits earned. This section shall not
39 25 be construed to require an employer to pay pension, health or
39 26 other benefits during the leave of absence to an employee
39 27 taking a leave of absence under this section.

39 28 Sec. 57. Section 55.1, unnumbered paragraph 3, Code 2007,
39 29 is amended to read as follows:

39 30 An employee shall not be prohibited from returning to
39 31 regular employment before the period expires for which the
39 32 leave of absence was granted. This section applies only to
39 33 employers which employ twenty or more full-time persons. ~~The~~
39 34 ~~leave of absence granted by this section need not exceed six~~
39 35 ~~years.~~ The leave of absence granted by this section does not
40 1 apply to an elective office held by the employee prior to the
40 2 election.

40 3 Sec. 58. Section 97C.21, Code 2007, is amended to read as
40 4 follows:

40 5 97C.21 VOLUNTARY COVERAGE OF ELECTED OFFICIALS.
40 6 Notwithstanding any provision of this chapter to the
40 7 contrary, an employer of elected officials otherwise excluded
40 8 from the definition of employee as provided in section 97C.2,
40 9 may, but is not required to, choose to provide benefits to
40 10 those elected officials as employees as provided by this
40 11 chapter. Alternatively, the governor may authorize a
40 12 statewide referendum of the appointed and elected officials of
40 13 the state and its political subdivisions on the question of
40 14 whether to include in or exclude from the definition of

40 15 employee all such positions. This choice shall be reflected
40 16 in the federal-state agreement described in section 97C.3,
40 17 and, if necessary, in this chapter. An employer who is
40 18 providing benefits to elected officials otherwise excluded
40 19 from the definition of employee prior to July 1, 2002, shall
40 20 not be deemed to be in an erroneous reporting situation, and
40 21 corrections for prior federal social security withholdings
40 22 shall not be required. The implementation of this section
40 23 shall be subject to the approval of the federal social
40 24 security administration.

40 25 Sec. 59. Section 97D.2, Code 2007, is amended to read as
40 26 follows:

40 27 97D.2 ANALYSIS OF COST OF PROPOSED CHANGES.
40 28 When the public retirement systems committee established by
40 29 section 97D.4 or a standing committee of the senate or house
40 30 of representatives recommends a proposal for a change in a
40 31 public retirement system within this state, the committee
40 32 shall require the development of actuarial information
40 33 concerning the costs of the proposed change. If the proposal
40 34 affects police and fire retirement under chapter 411, the
40 35 committee shall arrange for the services of an actuarial
41 1 consultant or request actuarial information from the statewide
41 2 fire and police retirement system created in chapter 411 to
41 3 assist in developing the information. Actuarial information
41 4 developed as provided under this section concerning the cost
41 5 of a proposed change shall include information on the effect
41 6 of the proposed change on the normal cost rate for that public
41 7 retirement system using the entry age normal actuarial cost
41 8 method.

41 9 Sec. 60. NEW SECTION. 97D.5 PUBLIC RETIREMENT SYSTEMS ==
41 10 ANNUAL ACTUARIAL VALUATIONS == REQUIRED INFORMATION.

41 11 1. For purposes of this section, "public retirement
41 12 system" means the public safety peace officers' retirement
41 13 system created in chapter 97A, the Iowa public employees'
41 14 retirement system created in chapter 97B, the statewide fire
41 15 and police retirement system created in chapter 411, or the
41 16 judicial retirement system created in chapter 602.

41 17 2. Effective with the fiscal year beginning July 1, 2008,
41 18 a public retirement system shall include in each actuarial
41 19 valuation or actuarial update required to be conducted by that
41 20 public retirement system the following additional information,
41 21 all as determined by using the entry age normal actuarial cost
41 22 method:

41 23 a. The actuarially required contribution rate for the
41 24 public retirement system which is equal to the normal cost
41 25 rate plus the contribution rate necessary to amortize the

41 26 unfunded actuarial accrued liability on a level percent of
41 27 payroll basis over thirty years.

41 28 b. The normal cost rate for the public retirement system
41 29 which shall be determined for each individual member on a
41 30 level percentage of salary basis and then summed for all
41 31 members to obtain the total normal cost.

41 32 Sec. 61. Section 260C.14, subsection 9, Code 2007, is
41 33 amended by striking the subsection and inserting in lieu
41 34 thereof the following:

41 35 9. a. The board may establish a plan, in accordance with
42 1 section 403(b) of the Internal Revenue Code, as defined in
42 2 section 422.3, for employees, which plan shall consist of one
42 3 or more investment contracts, on a group or individual basis,
42 4 acquired from a company, or a salesperson for that company,
42 5 that is authorized to do business in this state.

42 6 b. The selection of investment contracts to be included
42 7 within the plan established by the board shall be made either
42 8 pursuant to a competitive bidding process conducted by the
42 9 board, in coordination with employee organizations
42 10 representing employees eligible to participate in the plan, or
42 11 pursuant to an agreement with the department of administrative
42 12 services to make available investment contracts included in a
42 13 deferred compensation or similar plan established by the
42 14 department pursuant to section 8A.438, which plan meets the
42 15 requirements of this subsection. The determination of whether
42 16 to select investment contracts for the plan pursuant to a
42 17 competitive bidding process or by agreement with the
42 18 department of administrative services shall be made by
42 19 agreement between the board and the employee organizations
42 20 representing employees eligible to participate in the plan.

42 21 c. The board may make elective deferrals in accordance
42 22 with the plan as authorized by an eligible employee for the
42 23 purpose of making contributions to an investment contract in
42 24 the plan on behalf of the employee. The deferrals shall be
42 25 made in the manner which will qualify contributions to the
42 26 investment contract for the benefits under section 403(b) of
42 27 the Internal Revenue Code, as defined in section 422.3. In
42 28 addition, the board may make nonelective employer
42 29 contributions to the plan.

42 30 d. As used in this subsection, unless the context
42 31 otherwise requires, "investment contract" shall mean a
42 32 custodial account utilizing mutual funds or an annuity
42 33 contract which meets the requirements of section 403(b) of the
42 34 Internal Revenue Code, as defined in section 422.3.

42 35 Sec. 62. Section 273.3, subsection 14, Code 2007, is
43 1 amended by striking the subsection and inserting in lieu
43 2 thereof the following:

43 3 14. a. The board may establish a plan, in accordance with
43 4 section 403(b) of the Internal Revenue Code, as defined in
43 5 section 422.3, for employees, which plan shall consist of one
43 6 or more investment contracts, on a group or individual basis,
43 7 acquired from a company, or a salesperson for that company,
43 8 that is authorized to do business in this state.

43 9 b. The selection of investment contracts to be included
43 10 within the plan established by the board shall be made either
43 11 pursuant to a competitive bidding process conducted by the
43 12 board, in coordination with employee organizations
43 13 representing employees eligible to participate in the plan, or
43 14 pursuant to an agreement with the department of administrative
43 15 services to make available investment contracts included in a
43 16 deferred compensation or similar plan established by the
43 17 department pursuant to section 8A.438, which plan meets the
43 18 requirements of this subsection. The determination of whether
43 19 to select investment contracts for the plan pursuant to a
43 20 competitive bidding process or by agreement with the
43 21 department of administrative services shall be made by
43 22 agreement between the board and the employee organizations
43 23 representing employees eligible to participate in the plan.

43 24 c. The board may make elective deferrals in accordance
43 25 with the plan as authorized by an eligible employee for the
43 26 purpose of making contributions to the investment contract on
43 27 behalf of the employee. The deferrals shall be made in the
43 28 manner which will qualify contributions to the investment
43 29 contract for the benefits under section 403(b) of the Internal
43 30 Revenue Code, as defined in section 422.3. In addition, the
43 31 board may make nonelective employer contributions to the plan.

43 32 d. As used in this subsection, unless the context
43 33 otherwise requires, "investment contract" shall mean a
43 34 custodial account utilizing mutual funds or an annuity
43 35 contract which meets the requirements of section 403(b) of the
44 1 Internal Revenue Code, as defined in section 422.3.

44 2 Sec. 63. Section 294.16, Code 2007, is amended by striking
44 3 the section and inserting in lieu thereof the following:

44 4 294.16 INVESTMENT CONTRACTS.

44 5 1. The school district may establish a plan, in accordance
44 6 with section 403(b) of the Internal Revenue Code, as defined
44 7 in section 422.3, for employees, which plan shall consist of
44 8 one or more investment contracts, on a group or individual
44 9 basis, acquired from a company, or a salesperson for that
44 10 company, that is authorized to do business in this state.

44 11 2. The selection of investment contracts to be included
44 12 within the plan established by the school district shall be
44 13 made either pursuant to a competitive bidding process
44 14 conducted by the school district, in coordination with
44 15 employee organizations representing employees eligible to
44 16 participate in the plan, or pursuant to an agreement with the
44 17 department of administrative services to make available
44 18 investment contracts included in a deferred compensation or
44 19 similar plan established by the department pursuant to section
44 20 8A.438, which plan meets the requirements of this section.
44 21 The determination of whether to select investment contracts
44 22 for the plan pursuant to a competitive bidding process or by
44 23 agreement with the department of administrative services shall
44 24 be made by agreement between the school district and the
44 25 employee organizations representing employees eligible to
44 26 participate in the plan.

44 27 3. The school district may make elective deferrals in
44 28 accordance with the plan as authorized by an eligible employee
44 29 for the purpose of making contributions to the investment
44 30 contract on behalf of the employee. The deferrals shall be
44 31 made in the manner which will qualify contributions to the
44 32 investment contract for the benefits under section 403(b) of
44 33 the Internal Revenue Code, as defined in section 422.3. In
44 34 addition, the school district may make nonelective employer
44 35 contributions to the plan.

45 1 4. As used in this section, unless the context otherwise
45 2 requires, "investment contract" shall mean a custodial account
45 3 utilizing mutual funds or an annuity contract which meets the
45 4 requirements of section 403(b) of the Internal Revenue Code,
45 5 as defined in section 422.3.

45 6 Sec. 64. TRANSITION PROVISIONS == INTERNAL REVENUE CODE
45 7 SECTION 403(b) PLANS. Notwithstanding any provision of law to
45 8 the contrary, the investment contracts to be included within a
45 9 plan established pursuant to section 260C.14, subsection 9,
45 10 section 273.3, subsection 14, or section 294.16, for the
45 11 period beginning January 1, 2009, and ending December 31,
45 12 2009, shall be investment contracts selected by the department
45 13 of administrative services from among the investment contracts
45 14 included in a deferred compensation or similar plan
45 15 established by the department of administrative services,
45 16 which plan meets the requirements of section 403(b) of the
45 17 Internal Revenue Code, as defined in section 422.3, or shall
45 18 be from no more than five companies authorized to issue
45 19 investment contracts as selected by the applicable employer
45 20 and from no more than three companies authorized to issue
45 21 investment contracts as selected by, and in the sole
45 22 discretion of, the employee organizations representing the
45 23 applicable employer's employees. Selection of companies and
45 24 investment contracts for a plan shall be made in the best
45 25 interests of employees eligible to participate in the plan.
45 26 The determination of whether to select investment contracts
45 27 for the plan for the period beginning January 1, 2009, and
45 28 ending December 31, 2009, that are included in a deferred
45 29 compensation or similar plan established by the department of
45 30 administrative services or that are selected by the applicable
45 31 employer and the employee organizations representing the
45 32 applicable employer's employees, shall be made by an agreement
45 33 entered into by August 15, 2008, between the applicable
45 34 employer and the employee organizations representing the
45 35 applicable employer's employees eligible to participate in the
46 1 plan. Applicable employers shall have the authority to take
46 2 such action as deemed necessary to establish, effective
46 3 January 1, 2009, an eligible plan pursuant to section 260C.14,
46 4 subsection 9, section 273.3, subsection 14, or section 294.16.

46 5 Sec. 65. DEPARTMENT OF ADMINISTRATIVE SERVICES ==
46 6 SELECTION OF INVESTMENT CONTRACT PROVIDERS FOR INTERNAL
46 7 REVENUE CODE SECTION 403(b) PLANS.

46 8 1. The department of administrative services shall
46 9 establish, by January 1, 2010, a plan, as authorized pursuant
46 10 to section 8A.438 and in accordance with section 403(b) of the
46 11 Internal Revenue Code, as defined in section 422.3, for
46 12 employees, which plan shall consist of one or more investment

46 13 contracts, on a group or individual basis, acquired from a
46 14 company, or a salesperson for that company, that is authorized
46 15 to do business in this state, that is eligible to be utilized
46 16 as a vendor of investment contracts for plans established
46 17 pursuant to section 260C.14, subsection 9, section 273.3,
46 18 subsection 14, or section 294.16.

46 19 2. The department of administrative services shall
46 20 determine which vendors will be authorized to participate
46 21 under the tax-sheltered investment program established by the
46 22 department pursuant to section 8A.438. Employee organizations
46 23 representing employees and employers participating in the
46 24 programs authorized under sections 8A.433 and 8A.438 shall be
46 25 allowed to assist the department in this decision, specific
46 26 only to the initial competitive bid process that will
46 27 determine the vendors that will be in the program as of
46 28 January 1, 2010.

46 29 3. As used in this section, unless the context otherwise
46 30 requires, "investment contract" shall mean a custodial account
46 31 utilizing mutual funds or an annuity contract which meets the
46 32 requirements of section 403(b) of the Internal Revenue Code,
46 33 as defined in section 422.3.

46 34 Sec. 66. EFFECTIVE DATE.

46 35 1. The sections of this division of this Act amending
47 1 section 260C.14, subsection 9, section 273.3, subsection 14,
47 2 and section 294.16, take effect January 1, 2009.

47 3 2. The section of this division of this Act, enacting
47 4 transition provisions relating to plans required to meet
47 5 requirements for Internal Revenue Code section 403(b) plans,
47 6 being deemed of immediate importance, takes effect upon
47 7 enactment.

47 8 EXPLANATION

47 9 This bill makes numerous changes to public retirement
47 10 systems, including the public safety peace officers'
47 11 retirement, accident, and disability system, the Iowa public
47 12 employees' retirement system, the statewide fire and police
47 13 retirement system, and the judicial retirement system, as well
47 14 as other employee benefit matters. The bill may include a
47 15 state mandate as defined in Code section 25B.3. The state
47 16 mandate funding requirement in Code section 25B.2, however,
47 17 does not apply to public employee retirement systems. The
47 18 changes to each public retirement system as well as other
47 19 employee benefit-related matters are as follows:

47 20 PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM
47 21 (PORS). The bill eliminates references in Code chapter 97A to
47 22 the pension accumulation fund, pension reserve fund, and the
47 23 expense fund as separate funds of PORS and provides that the
47 24 assets of PORS are in one retirement fund.

47 25 Code section 97A.5(8), concerning the medical board for the
47 26 system, is amended to provide that the board of trustees can
47 27 designate a single medical provider network as the medical
47 28 board of the system. The bill provides that disability
47 29 examinations shall be conducted by a physician from the
47 30 medical board specializing in occupational medicine and a
47 31 second physician selected by the occupational medicine
47 32 physician in an appropriate field of medicine. Current law
47 33 provides for a three-physician medical board.

47 34 Code section 97A.5(11) and (12), concerning the actuarial
47 35 investigation and valuation of the system, is amended to
48 1 provide that the board of trustees shall select the actuarial
48 2 cost method to be used in conducting the annual actuarial
48 3 valuation of the system. A corresponding change in Code
48 4 section 97A.8 is made to eliminate the requirement that the
48 5 aggregate cost method be used.

48 6 Code section 97A.6(7), concerning the reexamination of
48 7 beneficiaries retired due to disability, is amended to provide
48 8 that a member's disability retirement shall cease if the
48 9 disabled member is under age 55 and becomes employed in
48 10 another public safety occupation.

48 11 Code section 97A.8(1)(b), concerning the determination of
48 12 the contribution rate paid by the state to the PORS retirement
48 13 fund, is amended. The bill provides that the determination of
48 14 the "normal contribution rate" paid by the state shall be
48 15 based upon the actuarial valuation of the system using the
48 16 actuarial cost method selected by the board of trustees and
48 17 eliminates the requirement that the actuarial valuation use
48 18 the aggregate cost actuarial method in calculating this rate.
48 19 The bill further provides that notwithstanding this
48 20 calculation, the state's normal contribution rate shall
48 21 increase from the current minimum 17 percent rate by 2
48 22 percentage points per fiscal year, beginning July 1, 2008,
48 23 until reaching a maximum of 27 percent in the fiscal year

48 24 beginning July 1, 2012. Beginning July 1, 2012, the state's
48 25 contribution rate for a fiscal year shall be the lesser of 27
48 26 percent or the normal contribution rate calculated pursuant to
48 27 the actuarial valuation of the system.

48 28 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS). Code
48 29 section 97B.1A(20), concerning the definition of service, is
48 30 amended to provide that service includes a period of military
48 31 service from which the IPERS member does not return to IPERS
48 32 covered service due to injury or disease resulting in death.
48 33 Currently, a member must return to covered employment from
48 34 military service in order to receive service credit for the
48 35 period of military service.

49 1 Code section 97B.1A(26), concerning the definition of
49 2 wages, is amended to exclude bonuses and allowances, except
49 3 allowances included as wages for members of the general
49 4 assembly, from the definition of wages.

49 5 Code section 97B.4(2), concerning the authority of the
49 6 system in administering IPERS, is amended to provide that
49 7 IPERS is not a participating agency for purposes of
49 8 information technology services under the department of
49 9 administrative services.

49 10 Code section 97B.7(3), concerning the payment of investment
49 11 management expenses from the retirement fund, is amended to
49 12 eliminate the cap on the amount authorized to be expended to
49 13 pay investment management expenses during a fiscal year. The
49 14 current cap is four-tenths of one percent of the market value
49 15 of the retirement fund.

49 16 Code section 97B.9 is amended to set the fee for late
49 17 contributions at the greater of \$20 per occurrence or interest
49 18 at the combined interest and dividend rate required under Code
49 19 section 97B.70. Currently, an employer is charged the greater
49 20 of \$10 per occurrence or interest at the combined interest and
49 21 dividend rate required under Code section 97B.70. The Code
49 22 section is also amended to make civil actions to collect
49 23 unpaid contributions from employers permissive.

49 24 Code section 97B.10, concerning the crediting of erroneous
49 25 contributions, is amended to eliminate a provision awarding
49 26 interest on a credit for contributions paid prior to an
49 27 individual's decision to elect out of IPERS coverage.

49 28 Code section 97B.11, concerning contributions to the system
49 29 by employers and employees, is amended. Beginning July 1,
49 30 2011, IPERS will determine a required contribution rate for
49 31 each membership group, including members in regular service,
49 32 which is the contribution rate the system actuarially
49 33 determines is the rate required by the system to discharge its
49 34 liabilities as to that membership group as a percentage of the
49 35 covered wages of members in that membership category.

50 1 However, the bill provides that the required contribution rate
50 2 for each membership group in a fiscal year shall not vary by
50 3 more than one-half percentage point from the required
50 4 contribution rate for the previous year. The bill then
50 5 provides that, for members in regular service under IPERS, the
50 6 employers shall pay 60 percent of the rate and members shall
50 7 pay 40 percent of the rate. While current law provides for an
50 8 actuarial determination of the rates for members in each of
50 9 the special service categories, the contribution rate for
50 10 members in regular service is fixed. As a result of this
50 11 change, Code sections 97B.49B(3) and 97B.49C(3) are amended,
50 12 effective July 1, 2011, by repealing that portion of each Code
50 13 section that sets contribution rates for special service
50 14 members to reflect that the establishment of those rates is
50 15 done by the bill through amendment to Code section 97B.11 as
50 16 of July 1, 2011.

50 17 Code section 97B.14 is amended by eliminating an exception
50 18 that permitted small employers with total monthly
50 19 contributions of \$100 or less to pay those contributions
50 20 quarterly rather than monthly. The bill requires all
50 21 employers to pay contributions monthly, regardless of the
50 22 amount of the contributions.

50 23 Code section 97B.33, concerning payments made to an
50 24 individual arising out of a decision by the system or a court,
50 25 is amended to provide that the system may make the payment
50 26 without certifying to the director of the department of
50 27 administrative services that the person is entitled to the
50 28 payment.

50 29 Code section 97B.34A, concerning payment to minors, is
50 30 amended to provide that if the sum to be paid is less than the
50 31 greater of \$25,000 or the amount authorized in section 565B.7,
50 32 subsection 3 (currently \$25,000), the funds may be paid to an
50 33 adult as custodian for the minor. Payments in excess of this
50 34 amount are to be paid to a court-established conservator.

50 35 Current law sets the maximum amount that can be paid to an
51 1 adult custodian at \$10,000.

51 2 Code section 97B.38, concerning fees for services, is
51 3 amended to allow the system to charge fees to anyone for the
51 4 costs incurred by the system in performing its duties.
51 5 Currently, members, beneficiaries, and the general public, but
51 6 not employers, may be charged fees.

51 7 Code section 97B.49B(1), concerning protection occupations,
51 8 is amended to add county jailers and detention officers, Iowa
51 9 national guard installation security officers, emergency
51 10 medical services providers, and county attorney investigators,
51 11 as members in a protection occupation for purposes of IPERS
51 12 benefits.

51 13 Code section 97B.49F, concerning the determination of the
51 14 cost of living dividend, is amended. Current law provides
51 15 that the dividend increases by a percentage that is the lesser
51 16 of 3 percent, the percentage increase in the consumer price
51 17 index, and the percentage certified by the system's actuary
51 18 that the system can absorb. The bill amends the determination
51 19 of the percentage calculated by the system's actuary to
51 20 provide that the determination be made by comparing the
51 21 actuarial required contribution rate for the system and the
51 22 statutory contribution rate. If the actuarial required rate
51 23 exceeds that statutory rate, the bill provides that the
51 24 percentage certified by the actuary shall be zero.

51 25 Code section 97B.49H, concerning active member supplemental
51 26 accounts, is amended to provide that no payments to the
51 27 accounts be made unless the system remains fully funded
51 28 following the payment to the supplemental accounts. Current
51 29 law allows payment only if the payment can be absorbed without
51 30 significantly impacting the funded status of the system.

51 31 Code section 97B.50, concerning early retirement due to
51 32 disability, is amended to provide that a member who qualifies
51 33 for IPERS regular disability benefits by becoming eligible for
51 34 federal disability benefits must demonstrate their continued
51 35 qualification for federal disability benefits to receive IPERS
52 1 benefits. Current law does not require a determination that
52 2 the member remains eligible for federal disability benefits
52 3 once initial eligibility is established. The change does not
52 4 affect the ability of the member to qualify for retirement
52 5 benefits based on criteria other than disability.

52 6 Code section 97B.52, concerning payment of a lump sum death
52 7 benefit, is amended to eliminate a provision requiring a
52 8 determination of what the lump sum payment would have been if
52 9 the person had died on June 30, 1984, and a provision that the
52 10 method of payment to a beneficiary selected by a member does
52 11 not apply.

52 12 Code section 97B.53B, concerning rollovers of members'
52 13 accounts from IPERS to another eligible retirement plan, is
52 14 amended to reflect Internal Revenue Code changes. The bill
52 15 provides that nonspouse beneficiaries of a member that are
52 16 designated as beneficiaries pursuant to federal law are
52 17 allowed to elect to have IPERS pay all or a portion of an
52 18 eligible distribution to certain eligible retirement plans.
52 19 The bill also provides that, beginning January 1, 2008, Roth
52 20 individual retirement accounts and annuities are eligible
52 21 retirement plans for a member, a member's surviving spouse, or
52 22 a qualified payee under a qualified domestic relations order.
52 23 The provision of the bill amending Code section 97B.53B takes
52 24 effect upon enactment and is retroactively applicable to
52 25 January 1, 2007.

52 26 Code section 97B.65, concerning limitation on increases in
52 27 benefits, is amended to provide that an increase in benefits
52 28 shall not be implemented unless the system is fully funded and
52 29 the increase in benefits can be absorbed into existing
52 30 contribution rates for the membership group affected. Current
52 31 law only requires that the system be fully funded prior to
52 32 implementing the increase in benefits. This change also
52 33 provides that the increase in benefits can be implemented even
52 34 if the system is not fully funded or existing contribution
52 35 rates are insufficient if the statutory change providing for
53 1 the increased benefit is accompanied by a change in the
53 2 required contribution rate necessary to support the increased
53 3 benefit. This provision takes effect July 1, 2011.

53 4 Code section 97B.73B, concerning the purchase of service
53 5 for patient advocates, is repealed by the bill.

53 6 Code section 97B.80C(1) and (2), concerning purchases of
53 7 permissive service credit, is amended. The bill provides that
53 8 any period of time when there was not performance of services
53 9 is considered nonqualified service eligible for a purchase of
53 10 service. The bill also provides that a member may convert

53 11 existing regular service credit to special service credit upon
53 12 paying the actuarial cost of that enhanced benefit. The bill
53 13 provides that if the existing service was nonqualified
53 14 service, then the purchase of special service credit for that
53 15 service shall be made pursuant to the requirements governing
53 16 the purchase of nonqualified service. Alternatively, if the
53 17 existing service was qualified service, then the purchase of
53 18 special service credit for that service shall be made pursuant
53 19 to the requirements governing the purchase of qualified
53 20 service.

53 21 Code section 97B.82, concerning the purchase of service
53 22 credit from a direct rollover of moneys from another
53 23 retirement plan to IPERS, is amended to reflect Internal
53 24 Revenue Code changes. The provisions of the bill amending
53 25 Code section 97B.82 take effect upon enactment and are
53 26 retroactively applicable to January 1, 2007.

53 27 The bill also provides that notwithstanding any provision
53 28 of Code section 97B.65 to the contrary, the provisions in this
53 29 division of the bill shall be implemented upon the effective
53 30 dates applicable for those provisions.

53 31 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM. Code sections
53 32 411.5 and 411.8, concerning the actuarial valuation and the
53 33 method of financing the retirement system, are amended to
53 34 provide that the board of trustees shall select the actuarial
53 35 cost method to be used in the annual actuarial valuation of
54 1 the system and in calculating the cities' contribution rate to
54 2 the system. Current law provides that the system use the
54 3 aggregate cost actuarial method.

54 4 New Code section 411.10 permits current members of the
54 5 retirement system with at least five years of service to
54 6 purchase up to five years of service credit under the system
54 7 for military service. The bill provides that the member is
54 8 required to pay the full actuarial cost of the service
54 9 purchase and must make written application with the retirement
54 10 system for the purchase of service.

54 11 JUDICIAL RETIREMENT SYSTEM. Code section 602.9104,
54 12 concerning contributions to the judicial retirement system, is
54 13 amended. The bill provides that beginning July 1, 2008, the
54 14 judge's contribution percentage shall be 7.7 percent of salary
54 15 for FY 2008=2009, 8.7 percent for FY 2009=2010, and 9.35
54 16 percent for FY 2010=2011 and each fiscal year thereafter until
54 17 the system reaches fully funded status. In addition,
54 18 beginning July 1, 2008, and for each fiscal year thereafter
54 19 until the system reaches fully funded status, the state's
54 20 contribution shall be 30.6 percent of salary of all judges.
54 21 Once the fund reaches fully funded status, the bill provides
54 22 that the state shall pay 60 percent and judges shall pay 40
54 23 percent of the required contribution rate. Current law
54 24 provides that judges pay 6 percent and the state shall pay
54 25 23.7 percent until the system reaches fully funded status but
54 26 adjusts the judge's contribution based on the actual
54 27 percentage paid by the state. Current law then provides that
54 28 upon reaching fully funded status, the state and the judges
54 29 shall pay the required contribution rate to the system on a
54 30 50=50 basis.

54 31 Code section 602.9116, concerning the actuarial valuation
54 32 of the system, is amended to provide that the court
54 33 administrator determine the actuarial assumptions and methods
54 34 to be used by the actuary. A corresponding change is made in
54 35 Code section 602.9104 to eliminate the requirement that the
55 1 projected unit actuarial cost method be used. The bill also
55 2 provides that the annual valuation include the actuarially
55 3 required contribution rate for the system.

55 4 MISCELLANEOUS PROVISIONS. Code section 8A.438, concerning
55 5 annuity contracts, is stricken and rewritten by the bill. The
55 6 bill authorizes the director of the department of
55 7 administrative services to establish a tax-sheltered
55 8 investment program in accordance with section 403(b) of the
55 9 Internal Revenue Code and to offer the program to eligible
55 10 public employers in the state. The bill establishes a trust
55 11 fund in the state treasury under the control of the department
55 12 for deposit of moneys received under the program.

55 13 Code section 55.1, concerning leaves of absence for service
55 14 in elective office, is amended by the bill. Current law
55 15 provides that a leave of absence granted to a person elected
55 16 to a municipal, county, state, or federal office need not
55 17 exceed six years. This provision of the bill removes the
55 18 six-year limitation. In addition, the bill provides that if a
55 19 salaried employee takes leave without pay to serve in elected
55 20 office the salaried compensation for the pay period shall be
55 21 reduced pro rata to the number of days taken.

55 22 Code section 97C.21, concerning voluntary federal social
55 23 security coverage for certain part-time elected officials, is
55 24 amended to permit the governor to authorize a statewide
55 25 referendum of these officials on whether they should be
55 26 included as an employee for purposes of social security
55 27 coverage.

55 28 Code section 97D.2, concerning the analysis of proposed
55 29 changes to retirement systems, is amended to require that
55 30 actuarial information on the cost of a proposed change include
55 31 information on the effect of the proposed change on the normal
55 32 cost rate for the system using the entry age normal actuarial
55 33 cost method.

55 34 New Code section 97D.5 requires that PORS, IPERS, the
55 35 statewide fire and police retirement system created in Code
56 1 chapter 411, and the judicial retirement system created in
56 2 Code chapter 602, include additional actuarial information in
56 3 each system's actuarial valuation or update beginning with the
56 4 2008=2009 fiscal year. The new Code section requires each
56 5 public retirement system to determine, using the entry age
56 6 normal actuarial cost method, the actuarially required
56 7 contribution rate and normal cost rate for the public
56 8 retirement system and to include this information in the
56 9 system's actuarial valuation.

56 10 Code section 260C.14(9), Code section 273.3(14), and Code
56 11 section 294.16, concerning annuity contracts for community
56 12 college, area education agency (AEA), and school district
56 13 employees, are stricken and rewritten by the bill. These
56 14 provisions of the bill provide that a community college or AEA
56 15 board or school district may establish a plan in accordance
56 16 with section 403(b) of the Internal Revenue Code allowing
56 17 eligible employees to select one or more investment contracts.
56 18 "Investment contract" is defined as a custodial account
56 19 utilizing mutual funds or an annuity contract. The bill
56 20 provides that investment contracts in the plan shall either be
56 21 selected pursuant to a competitive bidding process conducted
56 22 by the employer in coordination with employees or by
56 23 participation in the tax-sheltered investment program
56 24 established by the department of administrative services. The
56 25 determination of whether to select investment contracts by
56 26 competitive bid or by participation in the department of
56 27 administrative services plan shall be by agreement between the
56 28 employer and employee organizations representing employees.
56 29 Current law provides that selection of an investment contract
56 30 is at the discretion of the employee. These provisions of the
56 31 bill take effect January 1, 2009.

56 32 The bill also establishes a transition provision, effective
56 33 upon enactment, that provides for the selection of investment
56 34 contracts in a 403(b) plan offered by a community college or
56 35 AEA board, or school district, for the period beginning
57 1 January 1, 2009, through December 31, 2009. This section of
57 2 the bill provides that investment contracts in the plan for
57 3 that period shall either be investment contracts included in a
57 4 deferred compensation or similar plan offered by the
57 5 department of administrative services or no more than five
57 6 companies authorized to issue investment contracts as selected
57 7 by the applicable employer and no more than three companies
57 8 authorized to issue investment contracts as selected by the
57 9 employee organizations representing the employer's employees.
57 10 The determination of whether to select investment contracts by
57 11 determination of the applicable employer and employee
57 12 organizations or by utilizing investment contracts selected by
57 13 the department of administrative services shall be by
57 14 agreement between the employer and employee organizations
57 15 representing employees by August 15, 2008. The bill
57 16 authorizes the applicable employer to take all necessary steps
57 17 to establish a 403(b) plan meeting the requirements of this
57 18 bill by January 1, 2009.

57 19 The bill further provides that the department of
57 20 administrative services establish, by January 1, 2010, a
57 21 tax-sheltered investment program as authorized by rewritten
57 22 Code section 8A.438 in the bill. The bill provides that
57 23 selection of vendors authorized to participate in the program
57 24 shall be determined by the department and allows impacted
57 25 employee organizations and employers to assist the department
57 26 in the initial competitive bid process relative to selecting
57 27 the vendors.